Y 4. P 96/11: 103-3

H.R. 490: TO PROVIDE FOR THE CONVEYANCE OF CERTAIN LANDS AND IMPROVEMENTS IN WASHINGTON, DISTRICT OF COLUMBIA, TO THE COLUMBIA HOSPITAL FOR WOMEN TO PROVIDE A SITE FOR THE CONSTRUCTION OF A FACILITY TO HOUSE THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER

(103-3)

## **HEARING**

BEFORE THE

SUBCOMMITTEE ON
PUBLIC BUILDINGS AND GROUNDS
OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

FEBRUARY 18, 1993

Printed for the use of the Committee on Public Works and Transportation



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#### SUMMARY

LEGISLATION TO SELL FEDERAL LAND TO COLUMBIA HOSPITAL FOR WOMEN

#### A NATIONAL WOMEN'S HEALTH ISSUE

Columbia Hospital For Women wishes to purchase land from the General Services Administration to provide the site for a building to house the National Women's Health Resource Center, a subsidiary of the Columbia Hospital for Women Foundation. The Hospital is the only women's hospital in the country with a Federal charter.

The National Women's Health Resource Center is the first and only national institution dedicated to the improvement of women's health. The Resource Center began

operation in 1988, and is a not-for-profit 501(c)(3) organization.

The Resource Center's activities presently include conferences, a national health information database that disseminates information to consumers and professionals, a bimonthly women's health newsletter and other publications.

The project does not require any outlay of Federal funds. In fact, the sale of the property will bring \$12.8 million into the Federal treasury.

#### A NEED FOR A NATIONAL FOCUS

An expanded Resource Center will address the critical need for more clinical investigation and research into women's health concerns and improved health delivery systems.

New initiatives in such areas as breast cancer, menopause, domestic violence and

osteoporosis are long overdue.

A building to house the Resource Center is necessary if the Resource Center is to achieve its full potential and goal of improving women's health.

Facilities for clinical investigation.

Space for speciality clinical programs including expansion of the Betty Ford Comprehensive Breast Center, and the Toxicology Center; and development of new services such as a Communicable Disease Center.

Educational facilities including a consumer/professional women's health library, a

conference center and an information center.

#### LEGISLATIVE HISTORY

Versions of this legislation have been introduced in Congress since 1987. In 1991, a bill was again introduced. The legislation was referred to three House Committees: Public Works and Transportation, the District of Columbia and Government Operations. Each committee held hearings on the legislation.

GSA had previously opposed the sale of the land, preferring to house a Federal agency at that site. At the Public Works and Transportation hearing, however, GSA acknowledged that it had been in negotiation with the Hospital to sell the land.

GSA agreed in these negotiations to no longer oppose the sale of the land if legislation authorized GSA to sell the land and the legislation provided that the Hospital would pay GSA the purchase price of \$12.8 million at the time of conveyance rather than over a multi-year period, as provided in earlier versions of the legislation.

On September 23, 1992, Public Works and Transportation approved the legislation with an amendment in the nature of a substitute and ordered it reported.

This version of the legislation, H.R. 3703, as amended, was a consensus document that had the support of all three committees as well as the Hospital. On September 29, 1992, the House unanimously passed H.R. 3703, as amended.

On October 8, 1992, the legislation was referred to the Senate Committee on Governmental Affairs. No further action was taken on the legislation and Congress ad-

journed on October 9, 1992.

#### CONTENTS OF LEGISLATION

H.R. 490 is identical to H.R. 3703, as amended.

H.R. 490 authorizes and directs GSA to sell 1.2 acres of Federal land to the Hospital for \$12.8 million. This land is adjacent to the Hospital at 2400 M Street, Northwest, in the District of Columbia, and will be used to House the Resource Cen-

The legislation further provides that the Hospital will establish, operate and pay for three satellite health care centers for women and infants in the most needed

areas of the District of Columbia.

The bill protects the Government's interest in the land by providing for reversion of the land to GSA if the Hospital fails to comply with specified requirements such as using the land only for a building for the Resource Center.

The Hospital must pay monetary damages to the United States if it fails to operate any of the three health care centers as set forth in the legislation.

#### H.R. 490

A BILL To provide for the conveyance of certain lands and improvements in Washington, District of Columbia, to the Columbia Hospital for Women to provide a site for the construction of a facility to house the National Women's Health Resource Center

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

#### SECTION 1. CONVEYANCE OF LAND.

(a) ADMINISTRATOR OF GENERAL SERVICES.—Subject to sections 2 and 4, the Administrator of General Services (hereinafter in this Act referred to as the "Administrator") shall convey, for \$12,800,000 to be paid in accordance with the terms set forth in subsection (d)(2) and other consideration required by this Act, to the Columbia Hospital for Women (formerly Columbia Hospital for Women and Lying-in Asylum; hereinafter in this Act referred to as "Columbia Hospital"), located in Washington, District of Columbia, all right, title, and interest of the United States in and to those pieces or parcels of land in the District of Columbia, described in subsection (b) together with all improvements thereon and appurtenances thereto. The purpose of the conveyance is to provide a site for the construction by Columbia Hospital of a facility to house the National Women's Health Resource Center (hereinafter in this Act referred to as the "Resource Center"), as described in the Certificate of Need issued for the Resource Center in conformance with District of Columbia law

and in effect on the date of conveyance.

(b) PROPERTY DESCRIPTION.—The land referred to in subsection (a) was conveyed to the United States of America by deed dated May 2, 1888, from David Fergusson, widower, recorded in liber 1314, folio 102, of the land records of the District of Columbia, and is that portion of square numbered 25 in the city of Washington in the District of Columbia which was not previously conveyed to such hospital by the Act of June 28, 1952 (Public Law 82–423). Such property is more particularly described as square 25, lot 803, or as follows: all that piece or parcel of land situated and lying in the city of Washington in the District of Columbia and known as part of square numbered 25, as laid down and distinguished on the plat or plan of said city as follows: beginning for the same at the northeast corner of the square being the corner formed by the intersection of the west line of Twenty-fourth Street Northwest, with the south line of north M Street Northwest and running thence south with the line of said Twenty-fourth Street Northwest for the distance of two hundred and thirty-one feet ten inches, thence running west and parallel with said M Street Northwest for the distance of two hundred and thirty feet six inches and running thence north and parallel with the line of said Twenty-fourth Street Northwest for the distance of two hundred and thirty-one feet ten inches to the line of said M Street Northwest and running thence east with the line of said M Street Northwest to the place of beginning two hundred and thirty feet and six inches together with all the improvements, ways, easements, rights, privileges, and appurtenances to the same belonging or in anywise appertaining.

(c) DATE OF CONVEYANCE.—

(1) DATE.—The date of the conveyance of property required under subsection (a) shall be the date which is 1 year after the date of receipt by the Administrator of written notification from Columbia Hospital that the hospital needs such property for use as a site to provide housing for the Resource Center.

such property for use as a site to provide housing for the Resource Center.

(2) DEADLINE FOR SUBMISSION OF NOTIFICATION.—A written notification of need from Columbia Hospital shall not be effective for purposes of subsection (a) and paragraph (1) unless the notification is received by the Administrator before the date which is 1 year after the date of the enactment of this Act.

(d) CONVEYANCE TERMS.-

(1) IN GENERAL.—The conveyance of property required under subsection (a) shall be subject to such terms and conditions as may be determined by the Administrator to be necessary to safeguard the interests of the United States.

Such terms and conditions shall be consistent with the terms and conditions set forth in this Act.

(2) PAYMENT OF PURCHASE PRICE.—Columbia Hospital shall pay the \$12,800,000 purchase price in full by not later than the date of conveyance under subsection (c).

(3) QUITCLAIM DEED.—Any conveyance of property to Columbia Hospital

under this Act shall be by quitclaim deed.

(e) TREATMENT OF AMOUNTS RECEIVED.—Amounts received by the United States as payment under this Act shall be paid into, administered, and expended as part of the fund established by section 210(f) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)).

#### SEC. 2. LIMITATION OF CONVEYANCE.

No part of any land conveyed under section 1 may be used, during the 30-year period beginning on the date of conveyance under section 1(c)(1), for any purpose other than to provide a site for a facility to house the Resource Center and any necessary related appurtenances to that facility.

#### SEC. 3. SATELLITE HEALTH CENTERS.

(a) REQUIREMENT.—

(1) IN GENERAL.—Not later than 4 years after the date of the conveyance under section 1, Columbia Hospital, after consultation with the District of Columbia Commission of Public Health and the District of Columbia State Health Planning and Development Agency, shall establish, maintain, and operate 3 satellite health centers.

(2) PERSONS TO BE SERVED.—One of the satellite health centers shall provide comprehensive health and counseling services exclusively for teenage women and their children. The other 2 satellite health centers shall provide comprehensive health and counseling services for women (including teenage women) and

their children.

(3) LOCATION.—The satellite health centers shall be located in areas of the District of Columbia in which the District of Columbia Department of Public Health has determined that the need for comprehensive health and counseling services provided by the centers is the greatest. In locating such centers, special consideration shall be given to the areas of the District with the highest rates of infant death and births by teenagers.

(b) COMPREHENSIVE HEALTH AND COUNSELING SERVICES.—In subsection (a), com-

prehensive health and counseling services include-

(1) examination of women;

(2) medical treatment and counseling of women, including prenatal and postnatal services;

(3) treatment and counseling of substance abusers and those who are at risk

of substance abuse;

(4) health promotion and disease prevention services;

(5) physician and hospital referral services; and

(6) extended and flexible hours of service.

(c) REQUIRED CONSIDERATION.—The establishment, operation, and maintenance of satellite health centers by Columbia Hospital in accordance with this section shall be part of the consideration required by this Act for the conveyance under section 1.

#### SEC. 4. REVERSIONARY INTEREST.

(a) IN GENERAL.—The property conveyed under section 1 shall revert to the United States—

(1) on the date which is 4 years after the date of such conveyance if Columbia

Hospital is not operating the Resource Center on such property; and

(2) on any date in the 30-year period beginning on the date of such conveyance, on which the property is used for a purpose other than that referred to in section 2.

(b) REPAYMENT.—If property reverts to the United States under subsection (a), the Administrator shall pay to Columbia Hospital, from amounts otherwise appropriated from the fund established by section 210(f) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)), an amount equal to all sums received by the United States as payments for the conveyance under section 1, without interest on such amount.

(c) ENFORCING REVERSION.—The Administrator shall perform all acts necessary to

enforce any reversion of property to the United States under this section.

(d) INVENTORY OF PUBLIC BUILDINGS SERVICE.—Property that reverts to the United States under this section—

(1) shall be under the control of the General Services Administration; and

(2) shall be assigned by the Administrator to the inventory of the Public Buildings Service.

#### SEC. 5. DAMAGES.

(a) DAMAGES.—Subject to subsection (b), for each year in the 26-year period beginning on the date which is 4 years after the date of conveyance under section 1(c)(1). in which Columbia Hospital does not operate 3 satellite health centers in accordance with section 3 for a period of more than 60 days, the Columbia Hospital shall be liable to the United States for damages in an amount equal to \$200,000, except that this subsection shall not apply after the date of any reversion of property under section 4.

(b) LIMITATION IN DAMAGES.—The maximum amount of damages for which Co-

lumbia Hospital may be liable under this section shall be \$3,000,000.

(c) ADJUSTMENTS FOR INFLATION.—The amount of damages specified in subsection (a) and the maximum amount of damages specified in subsection (b) shall be adjusted biennially to reflect changes in the consumer price index that have occurred since the date of the enactment of this Act.

(d) ASSESSMENT AND WAIVER.—For any failure by Columbia Hospital to operate a satellite health center in accordance with section 3, the Administrator may—

(1) seek to recover damages under this section; or

(2) waive all or any part of damages recoverable under this section for that failure, if the Administrator-

(A) determines the failure is caused by exceptional circumstances; and

(B) submits a statement to the District of Columbia Commission of Public Health and the Congress, that sets forth the reasons for the determination.

(e) CONVEYANCE DOCUMENTS.—The Administrator shall include in the documents for any conveyance under this Act appropriate provisions to-

(1) ensure that payment of damages under this section is a contractual obliga-

tion of Columbia Hospital; and

(2) require the Administrator to provide to Columbia Hospital notice and an opportunity to respond before the Administrator seeks to recover such damages.

#### SEC. 6. REPORTS.

During the 5-year period beginning one year after the date of the conveyance under section 1, Columbia Hospital shall submit to the Administrator, the appropriate committees of the Congress, and the Comptroller General of the United States annual reports on the establishment, maintenance, and operation of the Resource Center and the satellite health centers.



CONVEYANCE OF CERTAIN LANDS AND IM-PROVEMENTS IN WASHINGTON, DISTRICT OF COLUMBIA, TO THE COLUMBIA HOS-PITAL FOR WOMEN TO PROVIDE A THE CONSTRUCTION OF A FACILITY THE NATIONAL **WOMEN'S** HOUSE HEALTH RESOURCE CENTER

#### THURSDAY, FEBRUARY 18, 1993

HOUSE OF REPRESENTATIVES. SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS, COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, Washington, DC.

The subcommittee met, pursuant to notice, at 9:00 a.m. in room 2253, Rayburn House Office Building, Hon. James A. Traficant (chairman of the subcommittee) presiding.

Mr. TRAFICANT. Welcome. The subcommittee will come to order. The subcommittee is meeting today to hold a hearing on H.R.

490, and the subcommittee plans to meet on time. [Laughter.]
As one of my first official acts as subcommittee chairman, I am very pleased to convene today's hearing on the land conveyance to the Columbia Hospital for Women. I understand that two other committees, namely, the Committee on Government Operations and the Committee on the District of Columbia, supported a previous version of this bill and continue their support of H.R. 490.

In late September the House unanimously passed an identical version of this bill. Unfortunately, like many other times, the Sen-

ate adjourned before taking any action.

The bill would authorize GSA to convey a parcel of property located at 2400 M Street, Northwest, to the Columbia Hospital for Women. The hospital is committed to establishing a national center dedicated to research, education, and clinical services associated with women's health.

In 1991 the Federal Government spent approximately \$8 billion on health research. The overwhelming majority of these funds, 86 percent, approximately \$6.8 billion, Mr. Duncan, Chairman Mineta, were spent on research for men-research for men. Only 14 percent, \$1.2 billion, was devoted to health issues associated with women. As you could see, that is an intolerable situation.

The hospital is to be commended for taking the initiative in this critical area, and we salute them. I am particularly pleased that in discussions with hospital officials and center officials, they have agreed to an amendment I intend to introduce which will clarify

the national outreach activities, and I am very pleased that they have the co-chairman's position on that, as well.

In addition, the hospital will fund the construction of this project. No Federal funds will be used. The hospital will fund completely

the construction of the project.

The legislation enjoys wide bipartisan support, as indicated by a co-sponsor list of 50 Members: men, women, Democrats, Republicans, liberals and conservatives. The list of co-sponsors is included in the folder.

I am particularly pleased with the support from the members of this subcommittee, as well. It is indeed a pleasure to be able to support this worthwhile effort. It is consistent with the national bipartisan focus on health policy and issues. The intended use of this

land is in the best public interest, for sure.

We are pleased today to have one of the hardest-working chairmen of the House of Representatives, the man who takes the fight for the infrastructure not only to the White House, but to the people, and has been identified with those efforts, and that's our chairman, Mr. Mineta. I would like at this time to ask if Chairman Norman Mineta would have a statement to make.

The CHAIR. Thank you very much, Chairman Traficant. Let me take a moment here to again thank you for your leadership on this issue. I am really pleased to be here this morning to support this initiative by the Columbia Hospital for Women to construct a national resource center concentrating on women's health issues.

I very strongly and enthusiastically supported this legislation in the last Congress and am very proud of the leadership role that has been assumed by the committee on this issue, and by this sub-committee specifically under your leadership, Mr. Traficant.

National health policy and the wide range of issues associated with developing a national policy, such as cost and access, are of serious concern to all citizens. So the hospital is to be commended for developing the resource center and focusing on the needs of women as they relate to health. The committee will continue in its vigorous support of the newly-reintroduced bill, H.R. 490, and we look forward to its expeditious enactment into law.

Again I would like to congratulate everyone who has been involved in this effort, and also in terms of the outreach effort and the discussion that will take place on that issue.

Thank you again very much, Mr. Traficant.

Mr. TRAFICANT. Thank you, Mr. Chairman.
One of the individuals who would be testifying this morning but will not be able to be with us is Chairman Pete Stark of the Committee on the District of Columbia. To expedite business I would like to ask unanimous consent to insert into the record the letter and the correspondence from Chairman Pete Stark.

Is there any objection?

[No response.]

Mr. TRAFICANT. Without objection, so ordered.

[The letter by Mr. Stark follows:]

ONE HUNDRED SECOND CONGRESS

RONALO V GELLUMS CACIFORNIA CHAIRMAN

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EOWARD C SLYVESTER JR STAFF DIRECTOR DENNIS G SMITH MINORITY STAFF DIRECTOR

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U.S. House of Representatives

Committee on the District of Columbia

Room 1310, Longworth House Office Building Washington, DC 20515

February 16, 1993

The Honorable James A. Traficant, Jr.
Chairman, Subcommittee on Public
Buildings and Grounds
Committee on Public Works and Transportation
B376 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your invitation to submit a statement for the record during your subcommittee hearing on H.R. 490, a bill to authorize the conveyance of land to the Columbia Hospital for Women. H.R. 490 is identical to H.R. 3703, as amended, which the House passed unanimously last Congress.

As a member of the House District of Columbia Committee and now as Chair, I have consistently supported and cosponsored bills similar to H.R. 490. These bills are to authorize the sale of this federal land to the Columbia Hospital for Women. The hospital proposes to construct a building for the National Women's Health Resource Center to be built and operated with private funds.

This new center will improve and extend medical knowledge and research on women's health care and will become an important educational resource for hospitals and health care providers and the general public nationwide. The hospital is currently the home of the Betty Ford Comprehensive Breast Cancer Center. The National Women's Health Resource Center is a not-for-profit organization and subsidiary of the Columbia Hospital for Women Foundation. Its mission is to educate consumers and professionals throughout the nation about women's health issues and to become "the national clearinghouse for women's health information."

H.R. 490 authorizes the sale of the federal land for a payment \$12.8 million. The House District of Columbia Committee and the other House Committees to which this bill was referred, the Committee on Government Operations and the Committee on Public Works and Transportation, have held extensive hearings on the matter and made the judgment that the public benefits of the center outweigh other uses proposed for this site. A non-profit women's health center devoted to research and information about health conditions and diseases that effect over 51% of the nation's population far outweighs the possible short-term gain of a regular commercial sale of the property or using the 1.2 acre site for yet another federal office building.

#### Page 2 - Letter to Congressman Traficant

The full Committee on the District of Columbia last Congress voted to report H.R. 3703, a bill similar to H.R. 490, and along with the House Government Operations Committee agreed to the amendments and assurances in the Public Works Committee reported bill. The amended version of the bill, H.R. 3703, unanimously passed the House on September 29, 1992.

I urge your expeditious approval of this measure. I can assure you that the House District of Columbia Committee will move swiftly to consider this measure. I'm encouraged that a companion bill, S. 91, has been introduced in the Senate.

Should the subcommittee have any questions, I will be happy to respond.

PETE STARK Chairman

Mr. TRAFICANT. I would just at this time like to read into the record one small part of the chairman's submission:

A nonprofit women's health center, devoted to research and information about health conditions and diseases that affect over 51 percent of the Nation's population far outweighs the possible short-term gain of a regular commercial sale of the property, or using the 1.2 acre site for yet another Federal office building.

We appreciate the support of both the committee and its chairman.

With that, I would now like to ask if our ranking member, Mr. Duncan, would like to make a statement.

Mr. DUNCAN. Thank you, Mr. Chairman. I, too, wish to welcome the witnesses here this morning before the Subcommittee on Public

Buildings and Grounds.

The subject of this hearing has received the attention of Congress for over 5 years now, and there is widespread concern all across this country about women's health issues at this time. Perhaps this year-I think certainly this year-this legislation will pass. However, before that occurs it is our responsibility to examine the bill and to allow the principal proponents of the bill and GSA to provide comments and to make sure that this bill does fairly treat evervone who is involved.

While this subcommittee has held hearings on an earlier version of the bill, this is the first time, I believe, that the current provisions will receive public comment. I look forward to hearing the

witnesses, and perhaps I'll have questions later.

Thank you very much for allowing me to speak at this time.

Mr. TRAFICANT. I appreciate that, Mr. Duncan. We know that you will have questions, and they will be salient points that must be addressed, and we will support you and make sure those questions are answered.

Mr. DUNCAN. Thank you.

Mr. TRAFICANT. We also have here the distinguished Representative from the District, who has been an outspoken leader for women's rights and women's health issues.

Eleanor, would you like to make a statement?

Ms. NORTON. Thank you, Mr. Chairman.

I want to express my sincere appreciation to Chairman Traficant for initiating this hearing at an early point in the session, and to welcome the distinguished members and witnesses joining us today to provide information concerning important legislation that would authorize the sale of Federal land to the Columbia Hospital for

For over two decades, Mr. Chairman, the Columbia Hospital for Women and the District of Columbia have vigorously sought passage of legislation which would authorize the sale and conveyance of Federal land to the hospital, and by so doing, enable the establishment of the first National Women's Health Resource Center in our country.

I welcome Chairman Traficant's expansion of the national focus, of H.R. 490 to include an outreach program that will foster the exchange of information with university and community hospitals

and health care organizations throughout the country.

Chairman Traficant's amendment will help to improve the health of millions more American women, long neglected because of the absence of a national focus, and will expand the national purpose

of this bill, to which Columbia Hospital for Women has always been dedicated.

In addition to the price to be paid for the land itself, the bill reguires that the hospital establish and operate three satellite health centers in the District of Columbia in exchange for the conveyance of the land. This exchange required by the bill will contribute immeasurably to reducing infant mortality. Our country's infant mortality rate is shamefully high, and nowhere higher than in the District of Columbia. Thus as a result of this conveyance, the Nation will benefit from critically necessary women's health education programs, clinical research, and information services provided by the center, and the District of Columbia—the capital of our Nation, after all—will benefit from the hospital's satellite health centers which will service those women most in need of comprehensive health care.

Most significantly, this is one time when a hospital is not asking the Federal Government for one cent. Columbia Hospital is financing this institution with 100 percent private financing. No Federal dollars are being sought and there is no cost to the American tax-

payer.

Along with other members of the committees that have considered the Columbia Hospital bill, I am concerned that this transfer has been so long before the Congress, has had strong Congressional support from three House committees, and on its considerable merits should have occurred by now. The bill unanimously passed in the House last Congress. Already in this session, Senator Strom Thurmond, recognizing the tremendous value of the bill with no cost to taxpayers, has introduced similar legislation in the Senate. Every year, Congressional delay has driven the cost of construction higher and prevented the construction of desperately needed facilities and programs to aid health care for women and children.

I therefore urge expeditious disposition of the matter, and at the very first available opportunity, markup of a bill conveying the

Federal land to Columbia Hospital for Women.

Again, I thank Mr. Traficant, and I welcome our witnesses.

Mr. TRAFICANT. Thank you, Ms. Norton, and for your efforts on this bill, as well.

At this time I would like to ask if the distinguished Member from

Missouri, Mr. Emerson would like to make a statement.

Mr. EMERSON. Mr. Chairman, I have no prepared statement. I do wish to associate myself with the remarks of all of my colleagues, particularly those of Ms. Norton, and to note for the record that three of my four children were born at the Columbia Hospital for Women. [Laughter.] I think it's a fine institution, and anything we can do to enhance it, we should.

Mr. TRAFICANT. I appreciate that, and I want to thank you, Mr. Emerson, for being a co-sponsor of the bill and helping to expedite

it here today. I appreciate that very much.

Mr. TRAFICANT. Now I would like to move on. I guess I am an unusual guy in this position. I would like you to tell us what you think from your heart, rather than read from your notes. If you could do that, I think we would have a better chance of understanding your position, those who testify before us.

So I would like to ask you, if you will, to summarize your remarks; if you will, look us in the eye and tell us what you really

think, and we will go from there.

Our first witness is Mr. P. Gerald Thacker. Mr. Thacker is the Acting Commissioner of the Public Buildings Service of the General Services Administration. He has taken his time to try to acclimate our new people here on this subcommittee with the problems that GSA faces in this regard, and we are very glad to have him as our first witness.

Mr. Thacker?

# TESTIMONY OF P. GERALD THACKER, ACTING COMMISSIONER, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION, AND TOM SHERMAN, ASSISTANT REGIONAL ADMINISTRATOR

Mr. THACKER. Good morning, Mr. Chairman and members of the

I am honored to be making my first appearance before this subcommittee, representing the General Services Administration and the Public Buildings Service as its Acting Commissioner, and doubly honored to have the opportunity to appear before you to discuss H.R. 490, proposed legislation to convey the property at 2400 M Street, Northwest, to the Columbia Hospital for Women.

The Administration's position on H.R. 490 is currently under development. As the Federal Government's manager of real property assets, however, the Public Buildings Service is able to provide information on the Government's proposed use of the property and on our estimate of its fair market value for this subcommittee's consid-

eration.

The location of 2400 M Street is a prime site for commercial development. Other than the Southeast Federal Center, this is the only undeveloped building site controlled by the General Services Administration in the District of Columbia. The M Street site is improved with a 24,000 square foot building known as the Weather Bureau Building, and a surface parking lot used by the building's tenants adjacent. The building is occupied by components of De-

partment of State.

At one time, the General Services Administration proposed to develop the site for the Federal Bureau of Investigation's Washington Metropolitan Field Office. After the Columbia Hospital raised concerns about the potential adverse effects of the Federal Bureau of Investigations' communications equipment, the General Services Administration withdrew that proposal. Other development options were evaluated, and in mid-1990 the General Services Administration concluded that the best use of this Federal property would be to construct an office building on it and assign the building to the Department of State for its use.

Such a development would accomplish two principal goals: reducing the General Services Administration's heavy reliance on expensive leased space in Washington, D.C., and supporting the Department of State's plans to consolidate their many scattered locations into the Foggy Bottom area near the Main State Department build-

ing.

This proposed project is described in a prospectus which has been approved by the Senate Committee on Environment and Public Works, and is currently pending before the House Committee on

Public Works and Transportation.

The bill now before you is similar to others that have been introduced in earlier Congresses. In preparation for testimony offered to the 102nd Congress on similar/legislation, the General Services Administration engaged the Lenhoff Appraisal Group, Inc., an independent appraiser, to determine the property's fair market value. That appraisal estimated the fair market value of the property on October 14, 1991, to be \$18 million, not including the cost of demolishing the building on the site to make way for a new building. Our estimate of the demolition cost of this building is approximately \$650,000, including the cost of safely removing asbestos known to be in the building. Based on that information, the net value of the site to the Government is \$17.35 million.

Mr. Chairman, again, thank you for the opportunity to comment on H.R. 490, and I hope that this information will aid the committee in its evaluation of the bill. I will be pleased to respond to any questions that you or members of the subcommittee might have.

Mr. TRAFICANT. Mr. Thacker, I appreciate your testimony. I have a number of questions, and I am sure Mr. Duncan, Mr. Emerson, and Ms. Norton as well may have questions, so I would like to proceed.

Do you feel that the provisions in H.R. 490 protect the Government's interest in this land, such as the provision for return of the land to GSA if the hospital uses the property for any other purpose than as a site for the National Women's Health Resource Center?

Mr. THACKER. There again, the official Administration position on this bill is now under development. As you know, the Office of Management and Budget is responsible for coordinating within the Administration positions on legislation, when requested. So I could only answer that in a very parochial way; that is, as a representative of the Public Buildings Service. And it does seem to me that there are provisions of the bill that are protective of our stewardship of the Federal inventory.

Mr. TRAFICANT. Well, I think there are a lot of things still having to be resolved at the White. House. Those are some of the points, I think, that will have to be addressed, but I appreciate your hon-

esty there.

There has been a lot of talk about "no Federal outlay" on the record. If this legislation becomes law, will any Federal outlay be

necessary?

Mr. THACKER. Certainly, there is a disparity between the fair market value estimate developed in 1991 for the General Services Administration, and the bill's proposed price for the property. Obviously, it is the responsibility of the Congress to evaluate the social benefits of the bill, the other aspects of the bill, and that is something that certainly we're not capable of doing and haven't been asked to do, as I know you appreciate.

In the terms of actual outlays on the part of the Federal Building

Fund, the bill does not require any.

Mr. TRAFICANT. Very good.

Are you concerned in your position and as a broad-based policy application here that this one-time special authorization to GSA to sell Federal land would set a precedent for GSA to try to sell other Federal land to avoid the requirements that relate to surplus land

as you deal with it?

Mr. THACKER. That certainly is of concern. The Public Buildings Service is not the arm of the General Services Administration that has responsibility for the sale of surplus property. That belongs to the Federal Property Resources Service of the General Services Administration. But I would imagine it has been of concern in the past, and I would assume that it would continue to be of concern.

Mr. TRAFICANT. The committee understands that GSA has updated its appraisal. What is the status of this update, number one?

And what figure has been suggested as an updated figure?

Mr. THACKER. I have been told that an updated appraisal has been requested because of the time frame, 1991, when the first appraisal was done. Obviously, there are market forces at play during that period of time that would have affected the appraised value.

I have not seen an appraisal. I understand one has been submitted in draft form for review as late as yesterday afternoon. At this point, I don't know what that appraisal said and haven't had a chance to review it. I understand that the value is still estimated to be in excess of the amount in the bill.

Mr. TRAFICANT. I understand there is an individual here who has that specific information, Mr. Tom Sherman from one of the Regions of the GSA. Perhaps we can ask Tom to give us that informa-

tion.

[Appraisal Reports, October 14, 1991 (See p. 46) and February 16, 1993 (See p. 116) were received for the record.]

Mr. TRAFICANT. I would just like to conclude with a few other questions, and I am sure Mr. Duncan has specific questions in that area. I am going to leave them for Mr. Duncan, who has taken a look at these provisions in other bills, as well.

H.R. 490 contains a provision that \$12.8 million will be paid in a lump sum to GSA for the property, for 2400 M Street. Do you,

as the representative of GSA here, agree to that sum?

Mr. THACKER. The provisions of the bill, I think, at some point have to be looked at in total, and I think that's what the Office of

Management and Budget is coordinating.

I am not in a position to agree or disagree with that sum. Again, I think the Congress obviously is taking into consideration in this bill a number of social benefits in addition to simply the transfer costs in the bill that would be paid into the Federal Building Fund, and I am really not in a position to evaluate what the value of those social benefits might be.

I really couldn't answer that question as it was asked. I think you would have to have a comprehensive view from the Adminis-

tration about the bill itself.

Mr. TRAFICANT. In other words, that's the job of Congress, this subcommittee, on those other values that are attached to this conveyance? Is that what you're saying?

Mr. THACKER. That's my view, yes, sir.

Mr. TRAFICANT. Under the bill, as we have discussed, the hospital will pay this \$12.8 million at the time the property is literally

conveyed. What becomes of those funds?

Mr. THACKER. In the normal excess property sales, those funds would be transferred to the Department of the Interior. Under the proposed legislation, the Federal Buildings Fund—out of which this committee authorizes expenditures for operation of Federal buildings, as well as maintenance and construction of new buildings and payment of lease costs on existing inventories—would be the beneficiary. That is, to say it simply, under the bill the funds paid by the hospital would go into the Federal Buildings Fund and would augment that fund for uses in operating the inventory and acquiring new space.

Mr. TRAFICANT. Before we move on to Mr. Duncan, I would like to ask unanimous consent that we request of Mr. Tom Sherman, Regional GSA, if he would come and testify before us. Any objec-

tion?

[No response.]

Mr. TRAFICANT. Tom, would you like to come forward?

I have one specific question for you before I go to Mr. Duncan. I would like you to stay on hand for Mr. Duncan and the questioning of the rest of the staff, as well, because there are questions on this appraisal.

The committee understands that GSA has updated its appraisal. Number one, what is the status of that update? Number two, what figure has been suggested as an updated figure? I am under the

impression that you have that information.

Mr. SHERMAN. We had requested an update of the 1991 appraisal. The draft appraisal report has been submitted for our review. Our typical process is for our Chief Appraiser to review that document, look at the details, and work with the contract appraiser to finalize the report.

We expect that the report will be in final form by next week. The

draft report has come in at a figure of \$15.5 million.

Mr. TRAFICANT. Very good. Thank you very much.

With that, Mr. Duncan?

Mr. DUNCAN. Well, thank you, Mr. Chairman. You have asked

most of what I would have asked.

My main concern about this legislation was the discrepancy between the \$12 million and the \$18 million of the earlier appraisal, and also I have been told that there was an updated appraisal in the works. I know that most property values in this area have been declining over the last couple of years, but even in a time of declining property values there are certain pockets or certain areas where property values are increasing. So I wanted to see whether the property here was worth more than the \$18 million of the original appraisal. It does make me feel better about this legislation, that apparently the price being offered is closer to the actual market value of the land at this time. I was told yesterday that it is approximately \$15 million, although I haven't seen the appraisal yet. That is a little better.

Let me just ask you this, though, Mr. Thacker. You mentioned a demolition cost of \$600,000 or \$700,000, in that range, I guess. It is my understanding, though, that under this legislation the hos-

pital would cover that; the Federal Government would not be required to pay the expense of that demolition. Is that your understanding?

Mr. THACKER. That's my understanding as well, Mr. Duncan, and was the basis of my comment that there would be no outlays from

the Federal Building Fund to accomplish that demolition.

Mr. DUNCAN. Do you know how many people presently work in the 24,000 square foot building that is on the site now?

Mr. THACKER, I believe Mr. Sherman would have that informa-

tion, at least in a general way, an estimate.

Mr. DUNCAN. What I'm getting at is, are we going to have to build a new building to house those people? Or is there someplace that we can move those people to? I know that sometimes you have very few people working in a building that size, and other times you have a large number. I just wondered what the situation was on that.

Mr. THACKER. It is a very small building, as we have indicated, even for that site, which has fairly limited zoning. Perhaps Mr. Sherman would want to comment in more detail. If he doesn't have

the exact number, we can provide it for the record.

I think in general the State Department housing problem has to be addressed in a total Washington-wide program, and it may well be that the impact of losing this particular building for the employees housed there to the State Department's overall program of requirements, which is quite large, may be minor.

But Tom, you may have some information.

Mr. SHERMAN. I don't have an exact number for the number of people who are housed in that building. My estimate would be about 125 State Department employees. As those people are displaced—and we would certainly work with Mr. Kane of Columbia Hospital in terms of the timing on that—as those people are displaced, we would work them into a much larger housing scenario for the Department of State in relation to Columbia Plaza and the renovation of the Main State Department building. So the 125 people would be accommodated in the procurement of swing space for the State Department renovation and the rehousing of Columbia Plaza.

Mr. DUNCAN. I have been told that GSA, if this property was not sold to the hospital, that GSA has a proposal for this property of

a 245,000-square-foot building. Is that correct?

Mr. THACKER. The Senate has authorized the design of a building of that size, which GSA would propose to use for the State De-

Mr. DUNCAN. So the GSA plan was to use this property for this 245,000-square-foot building? Is that correct?

Mr. THACKER. That's correct, yes, sir.

Mr. DUNCAN. Assuming that this legislation goes through, and I'm assuming that it will, do you have any idea where you will put that 245,000-square-foot building?

Mr. THACKER. That might be an appropriate question for Mr.

Sherman to address.

Mr. SHERMAN. The question is really posed in a theoretical construct; if GSA were to, in effect, sell this building to Columbia Hospital, would GSA take the proceeds, purchase a similar site, and construct a similar building? I believe the answer to that would be "no." We would put those funds into our Revolving fund, called the Federal Buildings Fund, and treat them as resources available for capital needs throughout the country. The proceeds would not be specifically earmarked for housing of the Department of State. Rather, they would go into GSA's national capital account and be

available to fund capital needs anywhere in the country.

Mr. THACKER. I think in another sense—Mr. Sherman has discussed this with us, of course, about the issue of what would be done to replace this anticipated space for the State Department. As he has pointed out to us, the size of the building that could be built on this site is relatively small in terms of the Washington market's needs, and that if we were not building on this site and were acquiring another site in the Washington area to house State Department needs—which, again, are much in excess of this very small property—we would probably try to acquire a much larger site and build a much larger building.

Mr. DUNCAN. Well, you see what I'm getting at. My only concern is, if we're going to get \$12.8 million for a site where we were going to put a 245,000-square-foot building, and now we have to go to another site and have to pay \$50 million or \$100 million for that site, which I suppose is in the realm of possibility, then instead of being no cost to the taxpayers, you have a cost of no telling what, many,

many millions more.

Mr. THACKER. I think one way to look at that problem might be, again, to look at the ratio of office space that could be built on a site. If we looked at the ratio of space that could be built on this particular site with two-year zoning as opposed to the ratio of office space that could be built on, say, an optimum site, then the costs may not have that kind of disparity.

Mr. DUNCAN. So are you saying by that, that even though GSA has this plan to build this 245,000-square-foot building there, that

you really don't think that this is a good place to do that?

Mr. THACKER. I think the site has some peculiar limitations (zoning restrictions) that would restrict the size of the building that could be built there.

Mr. DUNCAN. Are you saying that it would restrict it to a build-

ing of much less size than that?

Mr. THACKER. No, that would be the size that could be built. But if we were finding the best site to build a Government-owned building in D.C., we probably would be looking for a site—

Mr. DUNCAN. You would want a larger site?

Mr. THACKER [continuing]. A larger site, and one with different zoning, so that the office space-to-site ratio could be much higher.

Mr. DUNCAN. All right. Thank you very much.

Mr. TRAFICANT. In line with some of the questions of Mr. Duncan, there are a couple of points I would like to make. If you have any knowledge to the contrary, perhaps you can offer it.

I know you weren't expecting to testify here today, Mr. Sherman, and you're getting all the tough questions. But that's the way it is,

you know.

Mr. Sherman. Yes, sir, I do.

Mr. TRAFICANT. It's no walk in the park, you know.

For Mr. Duncan's purposes, the State Department has testified before Congressman Stark's committee that 2400 M Street is not the only site that they would consider. Do you have any understanding of that, or anybody that speaks to the contrary?

Mr. SHERMAN. Could you rephrase that question?

Mr. Traficant. That the 2400 M Street site is not the only site that the State Department would consider. That has been testified before Congressman Stark's committee. We have that as information.

Mr. SHERMAN. What we are concerned about, are Governmentowned sites. I am sure the State Department would consider any

site in Foggy Bottom that was privately owned.

Mr. TRAFICANT. Good.

Now, this property, from what we understand, and touching on your testimony here, is not currently zoned. Is that right?

Mr. THACKER. It is currently zoned.

Mr. TRAFICANT. Zoned for what purpose?

Mr. SHERMAN. I believe it is zoned for an FAR or floor-to-area ratio of three commercial and three residential.

I'm sorry, I am corrected. It is, technically, not zoned, that's cor-

rect.

Mr. TRAFICANT. Thank you. Which means that the District, with all the work that has been placed into this particular legislation, would not change the zoning; thus this property is both amenable to, and the perfect site for, the National Health Resource Center because of that zoning. If the District doesn't zone it, we can't have any State Department there in the first place, can we?

Mr. Sherman. Well, the Federal Government is not subject to D.C. zoning. We work with the D.C. government and with community and neighborhood groups to cooperate to the extent practicable, but technically the Federal Government is not subject to

that zoning.

Mr. TRAFICANT. Technically, your policy is that you work with and are very conscientious with regard to local zoning. Is that right?

Mr. SHERMAN. That's correct.

Mr. TRAFICANT. Thank you.

Mr. THACKER. Another way to answer that might be that those who would think that the building proposed and authorized on the Senate side is the maximum size building that the Federal Government would build on this site.

Mr. TRAFICANT. Thank you very much.

Ms. Norton.

Ms. Norton. Thank you very much, Mr. Chairman.

To follow up on the chairman's question, the fact is that you would face a major battle, would you not, if you tried to put a large office building in a residential neighborhood, which is what this is?

Mr. SHERMAN. We have the understanding that there are neighborhood groups that would be opposed to higher commercial density in that area. I don't know that I would characterize that as a residential neighborhood, but certainly we would have our work cut out for us, working with the neighborhood groups.

Ms. NORTON. Are you aware that this area is zoned residential?

Mr. SHERMAN. Yes, I am.

Ms. NORTON. That is why I am characterizing it as a residential

neighborhood.

For the record, the Neighborhood Council is on record as strongly opposing a commercial site, an office site, especially one of the scale that the Government would want to build here for its own purposes.

May I ask you as well if you are aware of the District of Columbia Department of Finance and Revenue's current tax evaluation

for this property, how much they assessed the property for? Mr. SHERMAN. No, I am not aware of that.

Ms. NORTON. I would just like the record to note that we have obtained that assessment, and that the property at 2400 M Street, Northwest, is assessed by the District of Columbia for tax purposes at \$10.1 million.

I would like to clarify the position of the GSA, since I know that

position was arrived at in good faith.

The legislation includes a purchase price figure for the conveyance of the property. This is the price that GSA agreed upon last

year, is it not?

Mr. THACKER. That's a fair question, and of course, last year we had a different senior management at GSA, so we have had to rely on what written records were available to try to understand what was going on.

We are not able to establish that there ever was, at the senior management level in GSA, a commitment to accept this price for the property. By "senior management level" I mean the Adminis-

trator of GSA.

Ms. NORTON. Mr. Thacker, do you believe that this matter could have gotten to the floor of the House of Representatives and passed unanimously in the House if there had been the slightest doubt about the GSA position on the price? Are you coming before this committee to tell us that the price may change according to who the bureaucrat is who negotiates the matter, from year to year?

Mr. THACKER. No. I was trying to answer the specific question

Ms. NORTON. I'm just trying to find out whether or not this is a figure that GSA agreed upon last year. I don't know who the actors were. This is a Government of the United States of America. I want to know if the Government stands behind its figures that it gives this committee.

Mr. THACKER. We can find no evidence that the General Services

Administration agreed to this price. No, ma'am.

Ms. NORTON. Mr. Chairman, I am really going to have to ask that these matters be put in the record, because what it does, it puts this committee in the position of saying that this committee, in a bipartisan fashion, went to the floor of the House; represented on the floor of the House that there was an agreement with the GSA, to which no objection was taken, and you are telling me that you can find no evidence of that happening?

Mr. THACKER. I believe what you are saying is true. I was asked

a specific question, and my answer had to be-

Ms. NORTON. On what basis do you believe it?
Mr. Thacker, I am not playing games. I'm just trying to establish whether or not the GSA stands behind the price that this commit-

tee, in good faith, took to be a price with which it agreed last year.

That is all I'm trying to establish.

Mr. THACKER. Yes, ma'am. I can assure you that if the Congress directs us to accept this price, and the bill becomes law, that we will accept this price.

Ms. NORTON. Well, that was of course not my question.

Mr. TRAFICANT. Would the gentlewoman yield?

Ms. Norton. Yes, sir.

Mr. TRAFICANT. There is a letter from GSA dated February 5, 1992, to Mr. G. Patrick Kane, President and CEO, Columbia Hospital for Women. In that particular correspondence, in paragraph 4, page 1, it says:

In addition it should be noted that the most recent legislative initiative on the matter, H.R. 3703-at the time-does not reflect the commitment of the hospital to pay \$12.8 million in exchange for the property. Until the bill was modified to reflect our understanding, GSA would continue to object to enactment.

So there has certainly been enough testimony placed here, enough information indicated, and continuing on, "The \$12.8 million amount reflects a recent decline in the appraised value of the property. GSA is not bound to keep it on the table indefinitely."

The \$12.8 million figure has certainly been a figure brought from GSA, a figure that was on the table by GSA, and not considered to be on the table indefinitely unless there were some agreement with the hospital. The hospital has evidently made that agreement. From what your testimony is here today, we have had a decline in the appraisal of this property with the downswing in real estate values in this particular region. Is that correct?

Mr. THACKER. That's my understanding. Mr. TRAFICANT. So this February 5, 1992 position that is stated as a "market understanding" by GSA, we would consider it to bewhile the White House is reorganizing—to still be a commitment of the GSA, even withstanding the fact that your own GSA appraisers have come in with a lesser appraised value for this property. Is that a reasonable statement for us to make here today?

Mr. THACKER. Mr. Chairman, who signed the letter from which

you are reading?

Mr. TRAFICANT. James Handley, Regional Administrator.

Mr. THACKER. I am familiar with that letter. It would certainly appear from that letter that that was a position of the General Services Administration. That's why I was very careful to answer Ms. Norton's question the way I did.

We can find no evidence that anyone above Mr. Handley's position agreed to the price, but certainly the committee would have every right to believe, from that letter, that that was GSA's agree-

ment.

Mr. EMERSON. Mr. Chairman, would you yield?

Mr. TRAFICANT. I will yield to the gentleman from Missouri.

Mr. EMERSON. Did Mr. Handley have the authority to state the price? Was he acting on appropriate authority?

Mr. THACKER. That's the point we can't verify, sir. Mr. TRAFICANT. Would the gentleman yield to me?

Mr. EMERSON. I yield back to the chairman.

Mr. TRAFICANT. Ĭ thank you.

On page 3, there is a contract that carries and connotes the respective signatures of all concerned. It is not totally signed at that particular point, but it conveys the interest of that market value and the price, the table level of that price that had been established.

I would like to ask unanimous consent that this correspondence

of February 5, 1992, be placed in the record. Any objection?

[No response.]

Mr. TRAFICANT. No objection, so ordered.

[The letter referred to follows:]



#### General Services Administration National Capital Region Washington, DC 20407

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FEB 5 1992

Mr. G. Patrick Kane President and Chief Executive Officer Columbia Hospital for Women 2425 L Street, NW Washington, DC 20037

#### Dear Mr. Kane:

Thank you for your letter to Administrator Austin of November 14, 1991, with its attachment that summarizes the understanding reached between Columbia Hospital for Women and the General Services Administration (GSA).

I regret that the Administrator is unable to sign the agreement at this time. GSA requires explicit legislative authority to transfer the property, and cannot formally agree to a price in anticipation of Congressional action.

The Federal Property and Administrative Services Act of 1949, as amended, authorizes GSA to dispose of real property when it is surplus to the needs of the Federal Government. GSA cannot dispose of the 24th and M Street property under this authority because there is an identified requirement for Federal construction on that site. This requirement is set forth in the prospectus currently pending before the House Public Works Committee. Even if this were a surplus property, GSA would still be restricted in conveying it to the hospital until it had been screened for potential use to aid the homeless, as mandated by the Stewart B. McKinney Act.

In addition, it should be noted that the most recent legislative initiative on this matter, H.R. 3703, does not reflect the commitment of the hospital to pay \$12.8 million in exchange for the property. Until the bill were modified to reflect our understanding, GSA would continue to object to enactment.

The \$12.8 million amount reflects a recent docline in the appraised value of the property, and GSA is not bound to keep it on the table indefinitely. Changes in Certain economic factors could require GSA to demand different terms in the best interests of the taxpayers. Of course, this will be moot if Congress acts on this matter early in the new session.

Sincerely,

Signed James C. Handley

James C. Handley Regional Administrator

Mr. TRAFICANT. I will now reinstate the time to the gentlewoman from the District of Columbia.

Ms. Norton. Thank you, Mr. Chairman.

Mr. Thacker, I understand the position you were put in. GSA is obviously at the moment, like all other agencies, in some flux as it transfers from one group of leaders to another, as is the OMB.

I do think it important, however, when there has been no challenge to a duly-appointed executive, to stand behind him and not take us through the process we went through. I was just trying to establish that the committee in good faith had proceeded in this matter to get a price that we all had agreed upon and that would be going to the House floor.

Mr. THACKER. There should be no doubt about that.

Ms. NORTON. Finally, let me ask a question about the prospectus to the Senate. There is no prospectus pending in the House; is that

Mr. THACKER. My understanding was that the prospectus had

been forwarded to the House.

Mr. Sherman, do you have any information on that?

Mr. SHERMAN. Yes. The prospectus is pending in the House, and approved by the Senate.

Ms. NORTON. It was approved by the Senate but not approved by

Mr. SHERMAN. That is my understanding.

Mr. THACKER. No, ma'am, it has not been approved by the

Ms. Norton. Thank you, Mr. Chairman.

Mr. TRAFICANT. The only thing I would like to say is that we know there is a new Administration; there are some lines of communication authority being drawn, but there is no misunderstanding the fact that this \$12.8 million figure is the figure that has been in fact placed on the table by GSA, and is the figure that this committee-which has no problem with any lines of communication-understands, and is advancing this particular legislation under those parameters.

Is that an understanding that GSA has here today?

Mr. THACKER. If I understand your question correctly, certainly, based on the letter you just read, everyone would have every right to believe that that was GSA's position, absolutely.

Mr. TRAFICANT. And GSA also understands that this committee is operating under the terms of that understanding? You under-

stand that?

Mr. THACKER. Yes, sir.

Mr. TRAFICANT. Mr. Emerson.

Mr. EMERSON. No questions. Mr. TRAFICANT. Well, we thank you for helping and participating. We're sorry to bring you in here on such controversy, Mr. Sherman. That's the way it goes.

Mr. Thacker, thank you very much.

Mr. THACKER. Thank you again, sir. Mr. TRAFICANT. We hope you work out that administrative flow chart, because we don't want to have to go through nine guys to try to find an answer from some woman in South Carolina about a project at 2400 M Street.

Our next witness is Mr. G. Patrick Kane, a very nice gentleman; I appreciate him coming in to talk to me and all the other members of our committee. He is the President and CEO of the Columbia Hospital for Women.

We are glad to have you here today, Mr. Kane.

# TESTIMONY OF G. PATRICK KANE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, COLUMBIA HOSPITAL FOR WOMEN

Mr. KANE. Thank you, sir. I appreciate being here this morning. Good morning, Mr. Chairman and members of the subcommittee, for this hearing on H.R. 490, legislation that will authorize the conveyance of the property at 24th and M Streets to the Columbia Hospital for Women, for the construction of the National Women's Health Resource Center.

On behalf of the Board of Directors of Columbia Hospital for Women, I am indeed extremely appreciative of your support and in-

terest and your sponsorship of this legislation.

The National Women's Health Resource Center is a very unique facility, one of a kind, dedicated to educating professionals and consumers in health care research issues and education matters. It will involve itself very deeply with clinical investigation research needs for women. With appropriate facilities, we can achieve these very ambitious objectives; without such facilities, those objectives clearly will be most difficult.

The 24th and M Streets property is ideally suited for the construction of the National Women's Health Resource Center. Its proximity to Columbia Hospital for Women will allow us to take advantage of certain economies of scale and the sharing of engineering facilities with that institution. It will also allow us to access hospital services for both inpatient and outpatient care, when

appropriate.

The Columbia Hospital for Women, which is the not-for-profit parent institution of the Resource Center, is committed to achieving the goals and aspirations of the National Women's Health Resource Center. We embrace the charge that the health and wellbeing of women and infants is in fact the mission of Columbia, and is why it was chartered by the Congress of the United States in 1866, the only such women's hospital in the Nation today still carrying a charter from the Congress.

By building upon Columbia's reputation for quality, we are in a unique position to improve the health of women and infants nation-

wide.

The Certificate of Need, issued in November of 1989 and renewed by the Department in December of 1992, supports the need for the National Women's Health Resource Center and demonstrates that Columbia has the financial viability to carry this project forward.

Recently, Columbia commissioned a firm to revisit this particular issue and reassess Columbia's continued ability to carry the debt capacity of this project. I am pleased to inform the committee that this firm has confirmed our continued financial viability to move ahead with this project.

H.R. 490 reflects an agreement between Columbia Hospital for Women and the General Services Administration for the sale of this property at a cost of \$12.8 million. This agreement was acknowledged in a letter from Mr. James Handley, the Regional Administrator of GSA, in February of 1992. This letter was received in response to my letter to Mr. Austin. Clearly, the reference to Mr. Austin in the letter indicated to me and to my Board of Directors that Mr. Handley was speaking for Mr. Austin, who was the Administrator of GSA.

Mr. Handley clearly indicated in the letter that he could not commit to a formal agreement without authorization from the Congress. That was understandable, but nevertheless an understand-

ing existed.

Mr. Chairman, with your permission I would like to introduce into the record a copy of the letter from Mr. Handley.

Mr. TRAFICANT. Without objection, so ordered. It has already been placed on the record, Mr. Kane. That was the subject of our discussion with Mr. Thacker, who wasn't familiar with all that, I might add, and I think is now more familiar with it.

Go right ahead.

Mr. KANE. Columbia Hospital recently decided that in view of the almost two years since our own appraisal of this property, it would be wise to revisit this matter, also. We therefore engaged our appraiser who is familiar with and does adhere to the GAO appraisal standards, to update our April 1, 1991 appraisal. The result of that update indicates that the fair market value of the property has declined by \$2.1 million, lowering the value from \$12.8 million appraised value in 1991 to \$10:7 million as of February 4, 1993.

I respectfully request, Mr. Chairman, to read into the record and

submit for the record a letter regarding the Board of Directors' po-

sition on this matter:

The Honorable James A. Traficant;

Dear Mr. Traficant: On behalf of the Board of Directors I would like to restate Columbia Hospital for Women's commitment to honor the agreement reached with General Services Administration and to pay the Federal Government \$12.8 million in full upon conveyance of the property to Columbia Hospital for Women. Recently, Columbia Hospital for Women requested update of its April, 1991 appraisal of the 24th and M Street property. The result of this update indicates a fair market value of \$10.7 million, \$2.1 million lower than the earlier appraisal. However, in recognition that an agreement has been reached with GSA, and that there is widespread support for the legislation as written, the Board of Directors has again endorsed H.R. 490, including the \$12.8 million purphese price. the \$12.8 million purchase price.

I wish to thank you and members of the subcommittee for their support of H.R.

Finally, Mr. Chairman, with your continuing permission I would like to read another letter to be submitted for the record regarding your excellent suggestion, that the Resource Center develop a national educational outreach program:

The Honorable James A. Traficant:

Thank you for taking the time to meet with me and Ms. Amy Pryluck, Deputy Director of the National Women's Health Resource Center, on February 16th, 1993 regarding H.R. 490, legislation that would authorize the sale of Federal property to Columbia Hospital for Women for the construction of the National Women's Health Resource Center.

The Board of Directors of Columbia Hospital for Women is extremely appreciative

of your interest, support, and sponsorship of this bill.
Your suggestion that the National Women's Health Resource Center develop a national outreach program that includes the development of relationships with universities and community hospitals and other health care organizations throughout the country is an excellent one. It represents an initiative that will further the Center's educational mission. The development of these relationships will create needed dialogue between institutes and the National Women's Health Resource Center, and will be instrumental in developing national agendas for clinical investigative research and women's health education. By providing an opportunity to participate in the programs of the Resource Center, we hope that strong public-private relationships will be established between the educational institutions and the community hospitals and other health care organizations throughout the country, recognizing the public health benefits that will accrue from your national outreach proposal.

This letter represents the Board of Directors of Columbia Hospital for Women's

This letter represents the Board of Directors of Columbia Hospital for Women's and the National Women's Health Resource Center's commitment to expeditiously develop a national outreach program. I would be pleased to keep your staff informed

as to the development of this program.

This concludes my testimony, Mr. Chairman. I thank the members for the opportunity to address H.R. 490 and would be happy to respond to any questions.

Mr. TRAFICANT. I would ask without objection that the letters that were read into the record here by Mr. Kane be incorporated

and made a part of this hearing. Without objection, so ordered.

[The referenced letters follow:]

### COLUMBIA HOSPITAL FOR WOMEN SE FOUNDATION

February 17, 1993

The Honorable
James A. Traficant, Jr.
Chairman
Subcommittee on Public Buildings and Grounds
Committee on Public Works and Transportation
U.S. House of Representatives
B-376 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Traficant:

On behalf of the Board of Directors, I would like to restate Columbia Hospital for Women's commitment to honor the agreement reached with the General Services Administration (GSA), and to pay the federal government \$12.8 million in full upon conveyance of the property to Columbia Hospital for Women.

Recently, Columbia Hospital for Women requested an update on its April 1991 appraisal of the 24th and M Street property. The result of this update indicates a fair market value of \$10.7 million; \$2.1 million lower than the earlier appraisal.

However, in recognition that an agreement has been reached with the GSA, and that there is widespread support for the legislation as written, the Board of Directors has again endorsed H.R. 490, including the \$12.8 million purchase price.

I wish to thank you and members of the Subcommittee for your support of H.R. 490.

Sincerely,

G. Patrick Kane
President and
Chief Executive Officer

## COLUMBIA HOSPITAL FOR WOMEN \$\&\text{FOUNDATION}\$

February 17, 1993

The Honorable James A. Traficant, Jr. Chairman Subcommittee on Public Buildings and Grounds Committee on Public Works and Transportation U.S. House of Representatives B-376 Rayburn House Office Building Washington, D.C. 20515

Dear Mr. Traficant:

Thank you for taking the time to meet with me and Ms. Amy Pryluck, Executive Director, National Women's Health Resource Center (NWHRC) on February 16, 1993 regarding H.R. 490, legislation that will authorize the sale of federal property to Columbia Hospital for Women for the construction of the NWHRC. The Board of Directors of Columbia Hospital for Women is extremely appreciative of your interest, support and sponsorship of the bill.

Your suggestion that the National Women's Health Resource Center develop a national outreach program that includes the development of relationships with universities and community hospitals/health care organizations from throughout the country is an excellent one. It represents an initiative that will further the Center's educational mission. The development of these relationships will create needed dialogue between institutes and the National Women's Health Resource Center, and will be instrumental in developing national agendas for clinical investigative research and women's health education. By providing an opportunity to participate in the programs of the Resource Center, we hope that strong private/public relationships will be established between the educational institutions and community hospitals/health care organizations throughout the country.

Recognizing the public health benefits to be accrued from your national outreach proposal, this letter represents the Board of Directors of Columbia Hospital for Women and the National Women's Health Resource Center's commitment to expeditiously develop a national outreach program. I will be pleased to keep your staff informed as to the development of this program.

G. Patrick Kane President and

Sincerely

Chief Executive Officer

Mr. TRAFICANT. Thank you, Mr. Kane, for your testimony. Before we start I would like to say that Mr. Thacker and some of the GSA people are new, and not everybody is going to know all the details, but they have exhibited to us a willingness to work and to try to develop this into a pretty smooth operation. Is that the impression you got?

Mr. KANE. Yes, sir, it is.

Mr. TRAFICANT. Yes, it is, and I don't want anything to cloud the record. I want to compliment GSA for their efforts. There were some tough questions here and maybe they didn't have those facts, but their intentions have always been the best, and they are in line with some of the goals of both the committee and the hospital.

Is that correct?

Mr. KANE. Yes, sir, I agree with that. Mr. TRAFICANT. All right.

Now, Mr. Kane, does the hospital fully support the provisions of H.R. 490 that include the reversion penalty language and the monetary penalty language that exist in that legislation?

Mr. KANE. Yes, sir, the Board of Directors is on record as accept-

ing those conditions.

Mr. TRAFICANT. Now, the property at 2400 M Street is not zoned. What difficulties would that present to development of the land by GSA or by a private developer, from your particular perspective

and insight?

Mr. KANE. Mr. Chairman, the record shows—my experience in the District is such that attempting to rezone or change the zoning of residential property is extremely difficult. It is extremely timeconsuming and is extremely expensive. It requires considerable technique to appear before the various committees of the District of Columbia, and also requires the 100 percent support of the community in which the property lies.

Mr. TRAFICANT. It's good to have an ally like Ms. Norton over

there.

Explain in your own words what a Certificate of Need is and how that will impact upon this program from your position as CEO.

Mr. KANE. The Certificate of Need, of course, is a requirement in the District of Columbia and in many areas of the country for a health care facility or a provider to spend over a given threshold, whether in facilities or in capital improvement. The Certificate of Need is a very detailed, very investigative process on the part of the city authorities to ensure that health care dollars are expended in the most efficient and most productive manner.

I am satisfied that the District of Columbia has fulfilled its responsibility in this particular instance. They have reviewed the case on a six-month basis. Biannually they do come in and they look at our progress. They have been supportive of our inability to move forward with this particular project because of the delays in the legislation; however, to restate their commitment to the effort, it was very, very gratifying that in December of 1992, Dr. Mohammad Akhter, who is the Acting Director of the State Health Planning and Development Agency, did in fact reissue for another fiveyear term our Certificate of Need.

Mr. TRAFICANT. Very good. Thank you, Mr. Kane.

Mr. Duncan.

Mr. Duncan. Mr. Kane, just very briefly, we have the Certificates of Need required in Tennessee. I know that most places they came about because in some of the rural areas we had almost no health facilities, but in some of the cities the hospitals got in competition with each other and some started overexpanding and buying pieces of equipment that other hospitals had that couldn't be used as much and so forth.

What I'm wondering about, sir, how many beds does your hos-

pital currently have?

Mr. Kane. It has 148, and 110 bassinets. [Laughter.]

Mr. DUNCAN. Well, you know, a lot of hospitals have gotten out of the delivery of children business.

How many children are delivered each year at your hospital?

Mr. KANE. Approximately 5,500 deliveries per year. We are very proud of that.

Mr. DUNCAN. Well, I think you should be very proud of that. I

think that's great.

What is your occupancy rate? Is your hospital pretty full at this

time? Most of the time?

Mr. Kane. No, sir. Consistent with the national trend over the past year or so, our occupancy rate is currently about 64 percent. Mr. Duncan. Do you think that's a high enough figure to support

the funding of this new project?

Mr. Kane. Yes, sir. As I indicated earlier in my testimony, we have looked at this—

Mr. DUNCAN. That's right, I heard you say that.

What I'm wondering about, the Certificate of Need that you filed states a figure of \$37 million, but I understand that cost has gone up now to at least \$42 million, or maybe even higher.

What is your current estimate of how much it's all going to cost? Mr. KANE. The increased figure that you cited is a result of the increase in the cost for the property. It has escalated as we have had our discussions with GSA. The District of Columbia authorities are aware of that, and we have indicated to them that at the appropriate time we will come back in and request a modification.

However, what we would initially like to do is to look at the almost \$18 million in the CON for the building itself to see what type of efficiencies might be built into modification of the architectural design of the structure so that we can realize some savings

in that regard.

Mr. DUNCAN. Is your Board unanimously in support of this?

Mr. Kane. Yes, sir, the Board is.

Mr. DUNCAN. All right. Well, what exactly will you put in the

new building?

Mr. Kane. The building will house, generically, education; research; clinical investigation, and specialty referral centers. The educational portion of it will provide major meeting areas for consumers and professionals. It will provide libraries for consumers and professionals. There will also be a national data bank for consumers and professionals. We will include in this the Reproductive Toxicology Center, which is one of only two such facilities in the world, which provides access to private practitioners and researchers in the area of toxicology, environmental factors affecting reproductive medicine. They dial into our data bank; at the present time

we have this, but it is constrained by the lack of facilities, the lack of space.

It will also house a breast cancer center, the Betty Ford Comprehensive Breast Center, which is currently constrained, again be-

cause of lack of space.

It will contain specialty referral centers that will look at model clinical programs in the areas primarily associated with the diseases and conditions of women: for example, teenage pregnancies; infant mortality; drug abuse in pregnancy, those types of things, as well as such things as osteoporosis, diabetes, and so forth.

Mr. DUNCAN. Well, all those are good things, but will they provide sufficient income to support what you're attempting to do, or

what you want to do?

Mr. KANE. Yes, sir. As part of the Certificate of Need process, as you know, we are required to project revenues and expenses of the program.

Mr. Duncan. I know that.

Mr. KANE. We have done that, and we have revisited those numbers periodically.

Mr. DUNCAN. Without going into lengthy detail, just tell me what

your bottom line figure is on that, on your Certificate of Need.

Mr. KANE. The first two years are a loss, then turning to a profit in the Center for subsequent years.

Mr. DUNCAN. All right. Roughly how much income do you think

it would generate after the first couple of years?

Mr. KANE. I'm sorry, sir, I'd have to refer to the record on that.

I do not have that information.

Mr. DUNCAN. That's all right. I'm just pleased that you are able to say that you have looked into this in detail and that you can support these activities with the income that will be produced. Thank you very much.

Mr. TRAFICANT. I want to echo those remarks, Mr. Duncan.

Ms. Norton.

Ms. Norton. Thank you, Mr. Chairman.

Mr. Kane, I think it would be useful to elaborate upon a question that the chairman posed concerning penalties. The committee obviously, in considering this matter, had to assure itself that after the property was conveyed, it would be used for the purposes for which it was conveyed.

Would you simply note for the record how those assurances are

guaranteed?

Mr. KANE. How we will fulfill the conditions of the legislation? Ms. NORTON. How are we assured that once the property is conveyed, it will be used for the purposes conveyed? If it is not used

for the purposes conveyed, what penalties, if any, obtain?

Mr. Kane. I believe the bill calls for reversion in accordance with the conditions and procedures of the General Services Administration. Of course, this is not something new to Columbia. In 1952 the Congress placed a similar charter restriction on our hospital, and we have never violated that charter. We believe that we will be as honorable and committed to fulfilling the goals of our mission at the National Resource Center as we have been in safeguarding the charter that the Congress gave us in 1952.

Ms. NORTON. Mr. Kane, who will have direct oversight responsibility for the National Resource Center?

Mr. KANE. The direct oversight will be under, of course, a Board

of Directors-

Ms. Norton. Of the hospital itself?

Mr. KANE. No, ma'am. A separate Board of Directors has been established, and the Resource Center is incorporated as a not-forprofit institution. It will be under an Executive Director.

Ms. NORTON. Who will have the financial responsibility for the

Resource Center?

Mr. KANE. Financial responsibility, of course, will initially rest with the Board of Directors. However, as a practical matter and to avoid duplication of services, the financial support functions will be provided through the hospital so that we will not duplicate any services. But the financial responsibility, the fiduciary responsibility, will lie with the Board of Directors of the National Women's Health Resource Center, under the overall policy developed by the parent organization.

Ms. NORTON. You see it as kind of a subsidiary of a parent orga-

nization?

Mr. KANE. Yes, ma'am.

Ms. NORTON. We have noted that this is the first National Center of its kind. Are there centers which offer the array of services and programs that you outlined in any other part of the country?

Mr. KANE. We have been unable to locate or identify, in the Nation, a similar institution. Women's organizations seem to have proliferated over the past two or three years, but all of them are limited in scope, limited in their vision of what they can accomplish and what they can contribute.

Ours is a very comprehensive vision. Ours involves all of those elements that we believe can make a difference in improving the health of women. We honestly believe that healthier women make healthier children, who make healthier members of our society.

Ms. NORTON. Thank you very much, Mr. Kane.

Mr. TRAFICANT. Mr. Kane, I would just like to say that the public has some sort of perception that CEOs at hospitals as bottom-line profit types of people. It's refreshing to see someone like yourself come in here, be very honest, look us in the eye. You have a tremendous hospital, and understanding that most of the health research goes toward men and that there are more women in Amer-

ica than men, you have a tremendous job on your hands.
We want to wish you the best. We're sure that you can get it done, though, after meeting with you. We want to help you any way that we can to resolve any problems that you might have in any relationship with the Federal Government. We're glad to hear that GSA is working closely with you. We want to be able to monitor that as well, which might be a little bit unusual for a subcommittee of the Congress, but we want to make sure that this is a good marriage that produces a good program.

I am very proud that you have incorporated into the planning those suggestions that I will be offering in the form of an amendment to create these outreach programs of members and associates of the National Women's Health Resource Center that will in fact make you truly a national program that will take you around the

Nation and get feedback from different regions of our great country

to, in fact, make your program that much better.

So I appreciate your testimony and your frank, candid responses to the tough questions we had for you. We're glad that you don't continue to see that value going down that you've stayed with there, on the understanding of the \$12.8 million. That was a responsible position for you to take, and we will uphold our other side of the bargain. I can assure you of that.

Mr. KANE. Thank you.

Mr. TRAFICANT. Thank you, Mr. Kane, and I assure you that Ms. Norton will be working with you on any problems that you have in the District. You have a strong ally there.

Our last witness today is Ms. Amy R. Pryluck, who is the Executive Director of the National Women's Health Resource Center, a woman who has a big job. We want to hear about it and see what you have to tell us, Amy.

### TESTIMONY OF AMY R. PRYLUCK, EXECUTIVE DIRECTOR. NATIONAL WOMEN'S HEALTH RESOURCE CENTER

Ms. PRYLUCK. Thank you, Mr. Chairman and members of the subcommittee, for giving me the opportunity to testify this morning on behalf of H.R. 490.

Since 1988, when the Resource Center was incorporated, we have contributed greatly to thousands of women across the country. We have given them the information that they need to make informed decisions about their health care. Our goal, quite simply, is to become the national clearinghouse for women's health information in this country, to be the preeminent facility, the authoritative and comprehensive resource for women, consumers and professionals. throughout this Nation.

The Resource Center is a membership organization comprised of individuals and organizations, including Government agencies, hospitals, libraries, and women's centers from throughout this Nation. The majority of our members reside outside of the Washington metropolitan region. However, one need not be a member to have ac-

cess to our services.

Currently, our services include a national newsletter that focuses on health promotion and disease prevention; conferences and symposia; a database that is accessed by staff to provide professionals and consumers with current information and research about any women's health topic; and a database that provides a woman from any part of this region with resources, local and national, addressing her particular area of concern.

As Executive Director, I am most excited about the potential that the Center has for significantly improving the health of women nationwide. With expanded space, we will have comprehensive educational facilities for women and professionals; a women's health library; an information clearinghouse, and conference facilities. The Center will include space for clinical investigation of women's health issues, and facilities for specialty clinical programs, including expansion of the Betty Ford Comprehensive Breast Center and the Toxicology Center, as well as new services, such as a counselling center for victims of abuse or women who are coping with issues of aging and midlife health.

A staff of epidemiologists and statisticians, working in conjunction with health care providers, will provide a wealth of information about those conditions and diseases that are unique to women or affect women more than men, such as breast cancer, menopause, hormone replacement therapy, domestic violence, and eating dis-

orders, to name a few.

In November 1991, I testified before the Subcommittee on Public Buildings and Grounds on behalf of H.R. 2570, which was an earlier version of H.R. 490. I regret that that bill was not enacted during the 102d Congress, because so much has happened since then. Since November of 1991, more than 46,000 women have died of breast cancer. More than 180,000 women have been diagnosed with this disease. Since November of 1991, more than 500,000 women have died of cardiovascular disease. Since November of 1991, more than three million women have been beaten by their partners and acquaintances, and this list goes on. That is why it is so critical that H.R. 490 be enacted soon.

I can't tell you today that the construction of the Resource Center will solve all these problems, but what I want to emphasize today is that women's health is a major issue for all of us. Women are the majority of the population and the majority of the growing aged population. An improvement in women's health means an improvement in all of our families. We all have a responsibility to im-

prove the health of women throughout this country.

It is our goal through the Resource Center to focus attention on the areas where it is needed most. With changing medical practice patterns, the need for information will grow and the Resource Center will more and more be relied upon by the women throughout this country who need health care information. We hope to reach the women in this Nation through ongoing conferences, the development and distribution of books and publications, videos, extensive media involvement, and a national system for coordinating the health care organizations and universities and hospitals throughout this country.

With regard to clinical research, we must evaluate and develop model health care delivery programs and systems to ensure that we reach the individuals who are most in need of services, whether they be in urban areas or rural areas, and for groups who have

very special health care concerns.

The Resource Center is a very ambitious project and it is one that has huge potential. It is a private sector initiative, with no Federal funding being sought. The beauty of the Center is its potential and its flexibility. By developing strong ties with the private and public sectors, he Center is in a unique position to address women's health co cerns and garner the support of the communities throughout is Nation.

I hope that you will favorably consider H.R. 490 and recognize

the public health benefits that the Resource Center can bring to

this Nation.

Thank you for your time this morning. I would be happy to answer any questions.

Mr. TRAFICANT. We're glad to have you here.

Let me defer immediately to Ms. Norton on this. I will ask some questions later, but I would defer to the gentlewoman from the District of Columbia.

Ms. NORTON. Thank you very much, Mr. Chairman.

Ms. Pryluck, I would like you to elaborate upon the importance of developing satellite health centers in the District of Columbia and how that element got to be in this bill.

Ms. PRYLUCK. The satellite health centers are not specifically related to the National Women's Health Resource Center. During the last Congress there was tremendous interest, because Columbia Hospital had taken the initiative to develop and expand our Teen Health Center in Southeast; and we have had tremendous success with that. There is recognition that the District of Columbia has the highest infant mortality rate in this country, 23 deaths per 1,000 live births, compared with 10 deaths per 1,000 live births across the country. So there was that recognition that the District of Columbia was an obvious place for the development of these sat-

With regard to how they would benefit the rest of the Nation, we hope that these satellite centers would become model programs, that we will develop the data and the research from these programs, and disseminate that information to other hospitals and health care organizations throughout the country.

Ms. NORTON. I take it you are using your present facilities to some extent to disseminate some of that information. Would you describe what you are doing now and why you need an entire new

building to continue to do work that is already in progress?

Ms. PRYLUCK. Currently we only have a few offices to conduct all of our educational programs. Our goal is to have one building that, under one roof, houses comprehensive educational facilities that would include a library for consumers and professionals, an information clearinghouse, a place where women can come in and access information and research by computer and modem about women's health issues, conference facilities, space for the clinical research aspect of our program, as well as the specialty referral centers.

Ms. NORTON. Is Columbia Hospital affiliated with any univer-

sities in this area?

Ms. PRYLUCK. Currently we are not.

Ms. NORTON. Where do you get your residents and interns from?

All over the country?

Ms. PRYLUCK. We do not have any residents or interns at the present time.

Ms. NORTON. You have only staff doctors?

Ms. PRYLUCK. Voluntary physicians.

Ms. NORTON. Thank you very much, Mr. Chairman.

Mr. TRAFICANT. One of my concerns, Ms. Pryluck-first of all, I want to say that from the meetings I have had with you, you have a big job and you are well suited for it.

Ms. PRYLUCK. Thank you.

Mr. TRAFICANT. One of the concerns that I had, and I want to clarify it for this record, this subcommittee and this Congress are going to support these satellite clinics in D.C. because there must be some practical application of your gain. You are located here, there is a need here, and you can assess health needs of women

in this greater metropolitan area that can be of benefit in your re-

search and development programs.

As you know, I had a concern about it being not just the Columbia Hospital for Women and a resource center called the National Women's Health Resource Center, but that it truly develop and have some legislative thrust to become, in fact, a program for America.

We have discussed an amendment that I will be introducing that would create an outreach program whereby universities and hospitals, particularly—as in some of the questions brought here by the gentlewoman from D.C.—that there will be an association between the educational community and other health providers that will deal with women's issues throughout all of America, and that these institutes become known as member institutes of the National Women's Health Resource Center, so that there would be a distribution, a coordination, a collection of regional activity. We could know and we could study the difference in infant mortality rates that might be in Cleveland versus Washington, D.C. or Los Angeles or whatever.

So in that regard, have you in fact taken that into consideration? I know Mr. Kane has, and we are glad to hear that. As Executive Director have you taken that into consideration? And have you thought out, perhaps, the opportunity to take the program to America? And is that within the goals of what you foresee in your

long-range plans?

Ms. PRYLUCK. Yes, we have thought about it and we fully support it. We would like to pursue relationships with many universities throughout every part of this country in an effort to develop a comprehensive agenda for education and clinical investigative research. I'm not sure we're in a position to develop satellite centers in every State of this country, although it would be nice to be able to do that, but we can work with others to develop model programs so that the communities themselves are in a position to develop these centers.

Mr. Traficant. Absolutely, and I don't want there to be any misunderstanding that we would expect or consider it a part, that there would be all these satellite clinics with the cost and financing

bearing to the hospital, absolutely not.

But in the relationship of these member institutes of the National Women's Health Resource Center, if they on their own develop the model, or if a model could be developed whereby these types of activities could be created in these high-impact areas that cry out for your service, that would be the type of offshoot that certainly would be helpful to American women, would it not?

Ms. PRYLUCK. Yes, it would.

Mr. TRAFICANT. I would just like to say one other thing to you, and I'm hoping that it can change a little bit. As I understand it, the Resource Center allocates about 72 percent of its resources to clinical support services, but only about 28 percent to education programs and research.

Now, I am hoping that that type of ratio will be changing, and that perhaps is one of the reasons why the national focus is nec-

essary.

Could you respond to that?

Ms. PRYLUCK. Those numbers were based on budget figures that we submitted as part of the CON, and the reason you see such a high percentage for the clinical services is that clinical services are very fabor-intensive and are very costly because they include physicians, nurses, and social workers, and those resources are costly. It in no way minimizes the level of activity that we would devote

to research and education. In fact, if you look at the numbers that we would reach through those programs, we would reach a whole

lot more women than through clinical services.

Mr. TRAFICANT. Thank you. I would like to thank all of the members of the subcommittee who have attended.

Do you have any more questions, Ms. Norton? Ms. NORTON. No more questions, Mr. Chairman.

Mr. TRAFICANT. And I would like to thank all of those who have testified here, Mr. Kane, Mr. Thacker. Mr. Sherman, you weren't supposed to be here, but we are glad you were here. Thanks for coming.

Let's try to push this thing down the road.

[Whereupon, at 10:23 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.



### PREPARED STATEMENTS SUBMITTED BY WITNESSES

### TESTIMONY OF COLUMBIA HOSPITAL FOR WOMEN BEFORE THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS FEBRUARY 18, 1993

## STATEMENT OF G. PATRICK KANE PRESIDENT AND CHIEF EXECUTIVE OFFICER

GOOD MORNING. I THANK YOU MR. CHAIRMAN, AND MEMBERS OF THE SUBCOMMITTEE FOR THIS HEARING ON H.R. 490, LEGISLATION THAT WILL AUTHORIZE THE SALE OF FEDERAL PROPERTY TO COLUMBIA HOSPITAL FOR WOMEN FOR THE CONSTRUCTION OF THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER. AS YOU KNOW, H.R. 3703, AS AMENDED, PASSED THE 102ND CONGRESS WITH UNANIMOUS SUPPORT ON SEPTEMBER 29TH, 1992. ON BEHALF OF THE BOARD OF DIRECTORS, I AM INDEED GRATEFUL FOR YOUR SUPPORT, INTEREST AND SPONSORSHIP OF THIS BILL.

THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER IS A FIRST OF ITS KIND FACILITY, DEDICATED TO EDUCATING PROFESSIONALS AND HEALTH CARE CONSUMERS ABOUT WOMEN'S HEALTH ISSUES AND ADDRESSING CRITICAL CLINICAL INVESTIGATIVE RESEARCH NEEDS OF WOMEN. WITH APPROPRIATE FACILITIES WE CAN ACHIEVE OUR MISSION; WITHOUT SUCH FACILITIES, OUR ACTIVITIES WILL BE SEVERELY LIMITED AND CLINICAL RESEARCH GOALS NOT ACHIEVABLE.

THE 24TH AND M STREET PROPERTY IS IDEALLY SUITED FOR THE CONSTRUCTION OF THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER. ITS PROXIMITY TO COLUMBIA HOSPITAL PROVIDES US WITH OPERATIONAL ECONOMIES OF SCALE, AND FACILITATES ACCESS TO HOSPITAL SERVICES IN THE EVENT THAT INPATIENT OR OUTPATIENT CARE MIGHT BE NEEDED. THE BOARD OF DIRECTORS OF COLUMBIA HOSPITAL FOR WOMEN, THE PARENT NOT-FOR-PROFIT INSTITUTION OF THE RESOURCE CENTER, IS

COMMITTED TO ACHIEVING THE GOALS AND ASPIRATIONS OF THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER. WE EMBRACE THE CHARGE THAT THE HEALTH AND WELL BEING OF WOMEN AND INFANTS, IS, IN FACT, THE MISSION OF COLUMBIA AND WHY IT WAS CHARTERED BY THE CONGRESS IN 1866. BY BUILDING UPON COLUMBIA'S REPUTATION FOR QUALITY, WE ARE IN A UNIQUE POSITION TO IMPROVE THE HEALTH OF WOMEN NATIONWIDE.

THE CERTIFICATE OF NEED, ISSUED IN NOVEMBER 1989 AND RENEWED IN DECEMBER 1992, SUPPORTS THE NEED FOR THE RESOURCE CENTER, AND DEMONSTRATES THAT COLUMBIA HAS THE FINANCIAL MEANS TO CARRY OUT THE PROJECT. RECENTLY, COLUMBIA COMMISSIONED A FIRM TO REVISIT THIS ISSUE, AND REASSESS COLUMBIA'S CONTINUED ABILITY TO CARRY THE DEBT CAPACITY. I AM PLEASED TO INFORM THE COMMITTEE THAT THIS FIRM HAS CONFIRMED OUR CONTINUED ABILITY TO MOVE AHEAD WITH THE PROJECT.

H.R. 490 REFLECTS AN AGREEMENT REACHED BETWEEN THE GENERAL SERVICES ADMINISTRATION AND COLUMBIA HOSPITAL FOR WOMEN LAST YEAR - THAT THE PURCHASE PRICE FOR THE 24TH AND M STREET PROPERTY WOULD BE \$12.8 MILLION, PAYABLE IN FULL AT THE TIME OF CONVEYANCE. SINCE THIS PRICE WAS BASED ON APPRAISALS CONDUCTED IN 1991, COLUMBIA HOSPITAL FOR WOMEN DECIDED RECENTLY TO REQUEST AN UPDATE ON OUR APRIL 1991 APPRAISAL. THE RESULT OF THIS UPDATE INDICATES THAT THE FAIR MARKET VALUE OF THE PROPERTY HAS DECLINED BY \$2.1 MILLION, LOWERING THE VALUE FROM COLUMBIA'S \$12.8 MILLION APPRAISED VALUE IN 1991, TO \$10.7 MILLION AS OF FEBRUARY 4TH, 1993. I RESPECTFULLY REQUEST PERMISSION, IF YOU WOULD MR. CHAIRMAN, TO READ AND SUBMIT FOR THE RECORD, A

-3-

### LETTER REGARDING THE BOARD'S POSITION ON THIS MATTER.

### - INSERT LETTER -

FINALLY, MR. CHAIRMAN, I WOULD LIKE TO READ ANOTHER LETTER, TO BE SUBMITTED FOR THE RECORD, REGARDING YOUR EXCELLENT SUGGESTION THAT THE RESOURCE CENTER DEVELOP A NATIONAL EDUCATIONAL OUTREACH PROGRAM.

### - INSERT LETTER -

THAT CONCLUDES MY TESTIMONY. I THANK THE MEMBERS FOR THE OPPORTUNITY TO ADDRESS H.R. 490, AND I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS.

# TESTIMONY OF THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER BEFORE THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS FEBRUARY 18, 1993

### STATEMENT OF AMY R. PRYLUCK EXECUTIVE DIRECTOR

GOOD MORNING, AND THANK YOU MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE FOR GIVING ME THE OPPORTUNITY TO SPEAK TO YOU ON BEHALF OF H.R. 490.

SINCE ITS INCEPTION IN 1988, THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER HAS CONTRIBUTED GREATLY TO THE LIVES OF THOUSANDS OF WOMEN IN THIS COUNTRY. THROUGH OUR EDUCATIONAL PROGRAMS, WE HAVE PROVIDED WOMEN WITH INFORMATION THEY NEED TO MAKE INFORMED DECISIONS ABOUT THEIR HEALTH CARE. OUR GOAL IS TO BE THE "NATIONAL CLEARINGHOUSE FOR WOMEN'S HEALTH INFORMATION"; TO BE THE "PREEMINENT" FACILITY THAT WILL SERVE AS THE "AUTHORITATIVE" AND COMPREHENSIVE RESOURCE FOR WOMEN, ADDRESSING A WIDE ARRAY OF CLINICAL, PSYCHOLOGICAL AND SOCIAL CONCERNS OF WOMEN.

THE RESOURCE CENTER IS A MEMBERSHIP ORGANIZATION COMPRISED OF INDIVIDUALS AND ORGANIZATIONS, INCLUDING GOVERNMENT AGENCIES, UNIVERSITIES, SCHOOLS, HOSPITALS AND WOMEN'S CENTERS FROM THROUGHOUT THE COUNTRY. THE MAJORITY OF OUR MEMBERS RESIDE OUTSIDE THE WASHINGTON METROPOLITAN AREA. HOWEVER, ONE NEED NOT BE A MEMBER TO HAVE ACCESS TO THE CENTER'S SERVICES. THESE SERVICES INCLUDE A NATIONAL NEWSLETTER FOCUSED ON HEALTH PROMOTION AND DISEASE PREVENTION, CONFERENCES AND SYMPOSIA, A DATABASE ACCESSED BY STAFF THAT PROVIDES PROFESSIONALS AND HEALTH CARE CONSUMERS WITH CURRENT INFORMATION AND RESEARCH

ON ANY WOMEN'S HEALTH TOPIC, AND OUR RESOURCE DATABASE THAT PROVIDES A WOMAN WITH NAMES OF LOCAL AND NATIONAL RESOURCES PERTAINING TO HER PARTICULAR ISSUE OF CONCERN.

AS EXECUTIVE DIRECTOR, I AM MOST EXCITED ABOUT THE POTENTIAL THE CENTER HAS TO SIGNIFICANTLY IMPROVE THE HEALTH OF WOMEN NATIONWIDE. WITH EXPANDED SPACE, WE WILL HAVE COMPREHENSIVE EDUCATIONAL FACILITIES FOR WOMEN AND PROFESSIONALS - A WOMEN'S HEALTH LIBRARY, INFORMATION CLEARINGHOUSE, AND CONFERENCE THE CENTER WILL INCLUDE SPACE FOR CLINICAL INVESTIGATION OF WOMEN'S HEALTH ISSUES, AND FACILITIES FOR SPECIALTY CLINICAL PROGRAMS, INCLUDING THE EXPANSION OF THE BETTY FORD COMPREHENSIVE BREAST CENTER, THE TOXICOLOGY CENTER, AND THE DEVELOPMENT OF NEW SERVICES, SUCH AS A COUNSELLING CENTER TO CARE FOR VICTIMS OF ABUSE, OR WOMEN COPING WITH MIDLIFE AND AGING ISSUES. A STAFF OF EPIDEMIOLOGISTS AND STATISTICIANS, WORKING IN CONJUNCTION WITH HEALTH CARE PROVIDERS, WILL PROVIDE A WEALTH OF INFORMATION ABOUT THOSE CONDITIONS AND DISEASES THAT ARE UNIQUE TO WOMEN OR AFFECT WOMEN MORE THAN MEN, SUCH AS BREAST CANCER, OSTEOPOROSIS, MENOPAUSE, HORMONE REPLACEMENT THERAPY, DOMESTIC VIOLENCE, EATING DISORDERS, AND DEPRESSION. INFORMATION GLEANED FROM CLINICAL INVESTIGATIVE RESEARCH WILL BE DISSEMINATED TO PROFESSIONALS AND CONSUMERS VIA THE CENTER'S EDUCATIONAL PROGRAMS.

IN NOVEMBER 1991 I TESTIFIED BEFORE THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS ON BEHALF OF H.R. 2570, AN EARLIER VERSION OF H.R.490. I REGRET THAT THIS BILL WAS NOT ENACTED IN THE 102ND

CONGRESS. SO MUCH HAS HAPPENED SINCE THEN. SINCE NOVEMBER 1991, MORE THAN 46,000 WOMEN HAVE DIED FROM BREAST CANCER AND MORE THAN 180,000 WOMEN WILL HAVE BEEN DIAGNOSED WITH THIS DISEASE. SINCE NOVEMBER 1991, MORE THAN 500,000 WOMEN HAVE DIED FROM CARDIOVASCULAR DISEASE. SINCE NOVEMBER 1991, MORE THAN 3 MILLION WOMEN HAVE BEEN BEATEN BY PARTNERS AND ACQUAINTENANCES. THESE STATISTICS ILLUSTRATE WHY ENACTMENT OF H.R. 490 IS SO CRITICAL.

I CAN NOT TELL YOU TODAY THAT THE CONSTRUCTION OF THE NWHRC WILL SOLVE ALL THESE PROBLEMS. WHAT I WANT TO EMPHASIZE HOWEVER, IS THAT WOMEN'S HEALTH IS A MAJOR ISSUE FOR ALL OF US. WOMEN ARE THE MAJORITY OF THE POPULATION IN THE UNITED STATES TODAY, AS WELL AS THE MAJORITY OF THE GROWING AGED POPULATION. IMPROVEMENT IN WOMEN'S HEALTH MEANS AN IMPROVEMENT IN THE HEALTH OF OUR FAMILIES. WE ALL HAVE A RESPONSIBILITY TO TAKE AN ACTIVE ROLE TO IMPROVE WOMEN'S HEALTH.

IT IS MY GOAL THROUGH THE RESOURCE CENTER TO FOCUS ATTENTION ON THE AREAS WHERE IT IS NEEDED MOST. WITH CHANGING MEDICAL PRACTICE PATTERNS, THE NEED FOR INFORMATION WILL GROW, AND THE RESOURCE CENTER WILL MORE AND MORE BE RELIED UPON TO HELP MILLIONS OF WOMEN WHO WANT AND NEED HEALTH CARE INFORMATION; SUPPLEMENTING INFORMATION WOMEN RECEIVE FROM THEIR HEALTH CARE PROVIDERS. WE HOPE TO REACH THE WOMEN IN THIS NATION THROUGH ONGOING CONFERENCES, THE DEVELOPMENT AND DISTRIBUTION OF BOOKS AND OTHER PUBLICATIONS, VIDEOS, EXTENSIVE MEDIA INVOLVEMENT, AND OUR DATABASE. WITH REGARD TO CLINICAL RESEARCH, WE MUST EVALUATE AND DEVELOP MODEL HEALTH CARE

DELIVERY PROGRAMS AND SYSTEMS, TO ENSURE THAT WE REACH THE INDIVIDUALS WHO ARE IN MOST NEED OF SERVICES; IN URBAN AREAS, RURAL AREAS, AND FOR GROUPS WITH VERY SPECIFIC HEALTH CONCERNS. WE NEED TO DEVELOP AND CONDUCT CLINICAL RESEARCH SO THAT WE GENERATE THE DATA THAT IS SO VERY NEEDED TO SUPPORT TREATMENT METHODOLOGIES, PATIENT TEACHING MODELS, AND MODES OF DELIVERY.

THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER IS A VERY AMBITIOUS PROJECT, AND ONE THAT HAS HUGE POTENTIAL. IT IS A PRIVATE SECTOR INITIATIVE, WITH NO FEDERAL FUNDING BEING SOUGHT. THE BEAUTY OF THE CENTER IS ITS POTENTIAL, AND ITS FLEXIBILITY. BY DEVELOPING STRONG TIES WITH THE PRIVATE AND PUBLIC SECTORS, THE CENTER IS IN A UNIQUE POSITION TO ADDRESS WOMEN'S HEALTH CONCERNS AND GARNER THE SUPPORT OF THE NATION'S COMMUNITIES. THIS IS WHY ENACTMENT OF H.R. 490 IS SO VERY IMPORTANT.

THAT CONCLUDES MY COMMENTS; I HOPE THAT YOU WILL FAVORABLY CONSIDER H.R. 490, RECOGNIZING THE PUBLIC HEALTH BENEFITS THAT THE NATIONAL WOMEN'S HEALTH RESOURCE CENTER CAN BRING TO THIS NATION.

I THANK YOU MR. CHAIRMAN FOR YOUR TIME, AND I WILL ANSWER ANY OUESTIONS YOU OR MEMBERS OF THE SUBCOMMITTEE MAY HAVE.

### STATEMENT OF

### P. GERALD THACKER

COMMISSIONER OF PUBLIC BUILDINGS (ACTING)

GENERAL SERVICES ADMINISTRATION

BEFORE THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

HOUSE OF REPRESENTATIVES

FEBRUARY 18, 1993

GOOD MORNING, MR. CHAIRMAN, AND MEMBERS OF THE SUBCOMMITTEE.

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO

DISCUSS H.R. 490, PROPOSED LEGISLATION TO CONVEY PROPERTY AT 2400

M STREET, NW, WASHINGTON, DC, TO THE COLUMBIA HOSPITAL FOR WOMEN.

I AM GERALD THACKER, THE ACTING COMMISSIONER OF THE GENERAL SERVICES ADMINISTRATION'S PUBLIC BUILDINGS SERVICE. THE ADMINISTRATION'S POSITION ON H.R. 490 IS CURRENTLY UNDER DEVELOPMENT. AS THE FEDERAL GOVERNMENT'S MANAGER OF REAL PROPERTY ASSETS, HOWEVER, THE PUBLIC BUILDINGS SERVICE IS ABLE TO PROVIDE INFORMATION ON THE GOVERNMENT'S PROPOSED USE OF THE PROPERTY AND ITS FAIR MARKET VALUE.

2400 M STREET IS A PRIME SITE FOR COMMERCIAL DEVELOPMENT.

OTHER THAN THE SOUTHEAST FEDERAL CENTER, THIS IS THE ONLY

UNDEVELOPED BUILDING SITE CONTROLLED BY THE GENERAL SERVICES

ADMINISTRATION IN THE DISTRICT OF COLUMBIA. THE M STREET SITE IS

IMPROVED WITH A 24,000 SQUARE FOOT BUILDING KNOWN AS THE "WEATHER

BUREAU BUILDING," AND A SURFACE PARKING LOT USED BY THE

BUILDING'S TENANTS. THE BUILDING IS OCCUPIED BY COMPONENTS OF

THE DEPARTMENT OF STATE.

AT ONE TIME, THE GENERAL SERVICES ADMINISTRATION PROPOSED TO DEVELOP THIS SITE FOR THE FEDERAL BUREAU OF INVESTIGATION'S WASHINGTON METROPOLITAN FIELD OFFICE. AFTER THE HOSPITAL RAISED CONCERNS ABOUT POTENTIAL ADVERSE EFFECTS OF THE FEDERAL BUREAU OF INVESTIGATION'S COMMUNICATIONS EQUIPMENT, THE GENERAL SERVICES ADMINISTRATION WITHDREW THAT PROPOSAL. OTHER DEVELOPMENT OPTIONS WERE THOROUGHLY EVALUATED. IN MID-1990, THE GENERAL SERVICES

ADMINISTRATION CONCLUDED THAT THE BEST USE OF THIS FEDERAL PROPERTY WOULD BE TO CONSTRUCT AN OFFICE BUILDING ON IT AND ASSIGN THE BUILDING TO THE DEPARTMENT OF STATE FOR ITS USE.

SUCH A DEVELOPMENT WOULD ACCOMPLISH TWO PRINCIPAL GOALS;
REDUCING THE GENERAL SERVICES ADMINISTRATION'S HEAVY RELIANCE ON
EXPENSIVE LEASED SPACE IN WASHINGTON, DC, AND SUPPORTING THE
DEPARTMENT OF STATE'S PLANS TO CONSOLIDATE THEIR MANY SCATTERED
LOCATIONS INTO THE FOGGY BOTTOM AREA, NEAR THE MAIN STATE
DEPARTMENT BUILDING. THIS PROPOSED PROJECT IS DESCRIBED IN A
PROSPECTUS WHICH HAS BEEN APPROVED BY THE SENATE COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS, AND IS CURRENTLY PENDING BEFORE THE
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION.

THE BILL NOW BEFORE YOU IS SIMILAR TO OTHERS THAT HAVE BEEN INTRODUCED IN EARLIER CONGRESSES. IN PREPARATION FOR TESTIMONY OFFERED TO THE 102ND CONGRESS ON SIMILAR LEGISLATION, THE GENERAL SERVICES ADMINISTRATION ENGAGED THE LENHOFF APPRAISAL GROUP, INC., AN INDEPENDENT APPRAISER, TO DETERMINE THE PROPERTY'S FAIR MARKET VALUE.

THAT APPRAISAL ESTIMATED THE FAIR MARKET VALUE OF THE PROPERTY ON OCTOBER 14, 1991, TO BE \$18 MILLION, NOT INCLUDING THE COST OF DEMOLISHING THE BUILDING ON THE SITE TO MAKE WAY FOR A NEW BUILDING. OUR ESTIMATE OF THE DEMOLITION COST OF THIS BUILDING IS APPROXIMATELY \$650,000, INCLUDING THE COST OF SAFELY REMOVING ASBESTOS KNOWN TO BE IN THE BUILDING. BASED ON THAT INFORMATION, THE NET VALUE OF THE SITE TO THE GOVERNMENT IS \$17.350 MILLION.

MR.CHAIRMAN, AGAIN, THANK YOU FOR THE OPPORTUNITY TO COMMENT ON H.R. 490. I TRUST THAT THIS INFORMATION WILL AID THE COMMITTEE IN ITS EVALUATION OF THIS BILL. I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS THAT YOU OR MEMBERS OF THE SUBCOMMITTEE MAY HAVE.

APPRAISAL	REPORT
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2400 M Street, N.W. Washington, D.C. 20037

### Prepared For:

Mr. Richard E. Kane Chiet, Appraisal Staff General Services Adminstration 300 7th Street, S.W. Washington, D.C. 20024

Prepared By:

Nathan Pomerantz, MAI Appraiser

and

David C. Lennhoff, MAI President

Effective Date of Valuation

October 14, 1991

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### THE LENNHOFF APPRAISAL GROUP, INC.

ivid C Lennhoff, MAI, SREA President

October 25, 1991

18310 Montgomery Village Avenue Suite 360 Gaithersburg, Maryland 20879-3545 (301) 840-5530

General Services Administration 300 7th Street, S.W. Washington, D.C., 20024

Attention:

Mr. Richard E. Kane Chief, Appraisal Staff

Subject:

2400 M Street, N.W. Washington, D.C. 20037

Job #1-817

In accordance with your request, Mr. Kane, attached is our completed appraisal report for the referenced property. A more detailed description of the subject property is provided within the report. The purpose of this appraisal is to estimate the fair market value of the fee simple interest in the subject property as of an effective date of valuation of October 14, 1991. This is an "as-is" valuation; no contingencies are assumed. However, it does presume that the existing office building would be razed prior to a transfer of the property.

Considering all the essential factors affecting the value of this property and subject to the assumptions and limiting conditions set forth in the appraisal report, it is the opinion of the undersigned that the value of the property rights appraised is as follows:

> EIGHTEEN MILLION DOLLARS (\$18,000,000)

It has been a pleasure serving you. If we may be of further service, please let us know.

Very truly yours.

THE LENNHOFF APPRAISAL GROUP, INC.

Nathan Pomorant

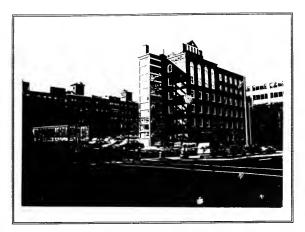
Nathan Pomerantz, MAI Commercial Real Estate Appraiser

David C. Lennhoff, MAI

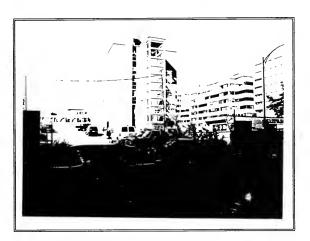
President

NP/DCL:jm

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(1) The subject property, viewed from the corner of 24th and M Streets



(2) The subject property, viewed from 24th Street



(3) The subject property, viewed from the southeast on the Columbia Hospital property



(4) Rear parking lot on the subject property



(5) M Street, viewed towards the west. The subject is on the left.



(6) M Street, viewed towards the east at 24th Street.



(7) 24th Street, viewed towards the north from M Street The ANA hotel is the large building on the left. The subject is in the left foreground.



(8) 24th Street, viewed towards the south from M Street.
The subject property is on the right.



(9) Columbia Hospital for Women, viewed from the subject.



(10) The building in the right foreground is a medical office building owned by Columbia Hospital. The flagpole marks the subject property.



(11) The Grand Hotel (southeast corner of 24th and M Streets)



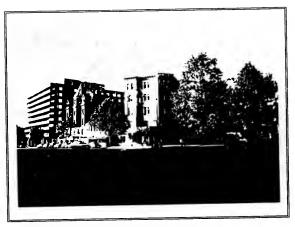
(12) The Park Hyatt Hotel (northeast corner of 24th and M Street)



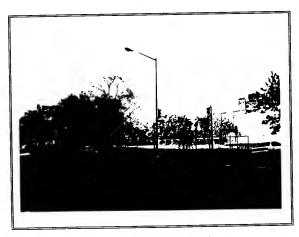
(13) 2401 Pennsylvania Avenue, a recently completed mixed-use building



(14) Whitman Place, A mixed office and apartment project recently completed at 2450 N Street



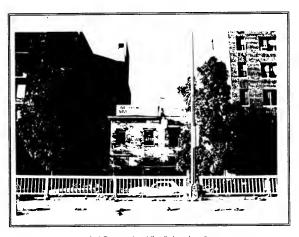
(15) Proposed mixed-use construction site, at the northwest corner of 25th Street and Pennsylvania Avenue



(16) Proposed multifamily site at the northwest corner of 22nd and N Streets



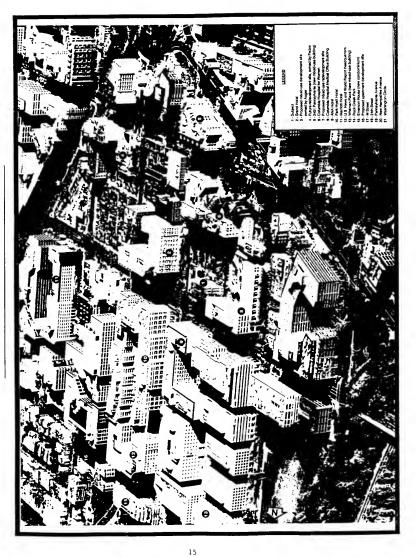
(17) Potential redevelopment site at the northeast corner of 23rd and L Streets.

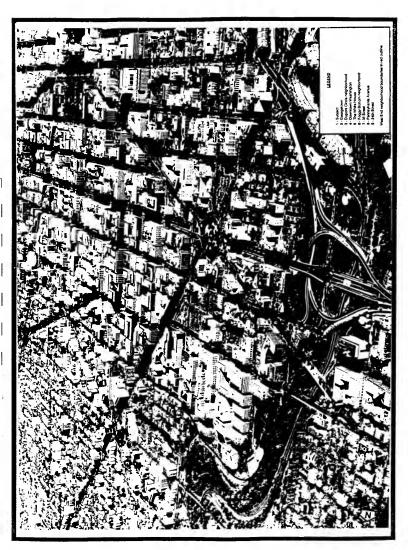


(18) Proposed multifamily housing site in the 2500 block of K Street



(19) 2311 M Street, N.W., a recently completed mixed-use building.





## STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been prepared subject to the following assumptions and limiting conditions:

- Limit of Liability: Liability of The Lennhoff Appraisal Group, Inc., associate appraisers, and employees is limited to the fee collected for preparation of the report. There is no accountability or liability to any third party.
- Information, estimates, and opinions furnished to the appraisers, and contained in the report, were obtained from sources considered reliable and believed to be true and correct, but no responsibility for the accuracy of such items can be assumed by the appraisers or by the Lennhoff Appraisal Group.
- 3. TestImony, Consultation, Completion of Contract for Appraisal Services: The contract for the report, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraisers, or those assisting in the preparation of the report, will not be asked or required to give testimony in court or hearing because of having made the report, in full or in part, nor engage in post appraisal consultation with the client or third parties except under separate and special arrangement and at additional fee.
- Disclosure of the contents of the report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraisers are affiliated.
- 5. Neither all, nor any part of the content of the report, or copy thereof (including designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if report fee pald by same, the mortgagee or its successors and assigns, mortgage insurers, professional appraisal organizations, any state or lederally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous consent of The Lennhoff Appralsal Group and appraisers; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraisers.
- No change or omission of any items in this report shall be made by anyone other than Nathan Pomerantz or David C. Lennhoff, and they shall have no responsibility for any such unauthorized change.
- 7. Trade Secrets: This report was obtained from The Lennhoff Appraisal Group, Inc., or related companies and/or its individuals and consists of 'trade secrets and commercial or financial information' which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraisers signing the report or an officer of The Lennhoff Appraisal Group, Inc., of any request to reproduce this report in whole or in part.
- 8. Auxiliary and Related Studies: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study have been requested or made unless otherwise specified in an agreement for services or in the report. The appraisers reserve the unlimited right to alter, amend, revise or rescrib any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to them.
- Inclusions: Furnishings and equipment or business operations except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.

- 10. No responsibility is assumed for matters legal in character or nature, nor matters of survey. The legal description of the appraised property provided to the appraisers is assumed to be correct, unless otherwise noted. No opinion is rendered as to the title, which is presumed to be good and merchantable.
- 11. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report.
  - 12. It is assumed that the subject property has been competently owned and managed.
- 13. It is assumed that there are no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. Specifically, no soil, subsoil, or percolation tests have been prepared by, or on behalf of, the appraisers.
- 14. Legality of Use: The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; that all required licenses, consents, permits, or other legislative or administrative authority have been or can be obtained or renewed for any use considered in the value estimate; and that, unless otherwise stated in the report, none of the subject's improvements encroach upon a neighboring property, and that no improvements appurtenant to a neighboring property.
- 15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 16. The appraisers were not provided with copies of any easement or right-of-way agreements. It is therefore assumed that any and all easements or rights-of-way involving the subject property do not affect the value of the property found herein.
- 17. Exhibits: Any sketches and maps in this report are used to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the property in other than actual status, as of the date of the photos.
- 18. We are not aware of any historic buildings or other historic resources on the subject site. However, if the property were found to be historic, this valuation would require reconsideration.
- 19. This is a land appraisal only. Although the subject property currently is occupied by a government office building, we have been instructed not to include the building in the valuation—that is, to assume that it would be razed by the government prior to any sale of the property.
  - 20. Acceptance of, and/or use of, this report constitutes acceptance of the above conditions.

Date /0/25/9/	Appraiser	Nathan Pomnanti
Date /0/25/9/	Appraiser	precegue ~

## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Identification: Square 25, Lot 803

Address:

2400 M Street, N.W. Washington, D.C. 20037

Objective:

To estimate the fair market value of the fee simple interest in the

subject property.

Effective Date of Valuation: October 14, 1991

Date of Opinion:

October 25, 1991

Site Area:

53,437 square leet

Appraised Fair Market Value: \$18,000,000

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## **PART TWO: FACTUAL DATA**

## IDENTIFICATION OF THE REAL ESTATE

The real estate being appraised is a parcel of land occupying the southwest quadrant of the intersection of M and 24th Streets, N.W., in Washington, D.C., 20037. The property is approximately one mile northwest of the White House and 2.5 miles northwest of the U.S. Capitol building. It is improved with a brick office building constructed approximately 50 years ago and reportedly currently occupied by the Federal Communications Commission. Because of its obsolescence, this building is not deemed to make any significant contribution to the current value of the property.

The appraised property is identified on the property tax maps of Washington, D.C., as follows:

Square 25, Lot 803

No Jurther legal description of the property was provided by our client.

The street address of the appraised property is 2400 M Street, N.W.

Hereafter in this report the parcel being appraised will be referred to as "the subject property" or, simply, as "the subject."

## PURPOSE OF THE APPRAISAL, PROPERTY RIGHTS APPRAISED, DATE OF VALUE ESTIMATE, SCOPE OF THE APPRAISAL, AND DEFINITIONS

The purpose of this appraisal is to estimate the fair market value of the fee simple interest in the subject property, as of an effective date of valuation of October 14, 1991. The valuation presumes a sale of the property on the valuation date, without any financing or zoning contingencies.

This appraisal is a land appraisal only. The subject property includes a government office building constructed in 1940 and reportedly containing approximately 30,000 square feet of space; however, we were instructed by our client not to include the building in the valuation. In other words, the basic assumption is that the building would be razed by the government prior to any sale of the property.

This market value opinion was rendered on October 25, 1991.

## 1. Scope

The appraisal process included the following:

- A field inspection of the subject property and the immediate neighborhood by Nathan Pomerantz and David C. Lennhoff, conducted on October 14, 1991. Pomerantz made a tollow-up inspection of the neighborhood (and of comparable properties cited in this appraisal) on October 20, 1991. No interior inspection was made of the building currently occupying the subject site because it is assumed that it will be razed prior to a sale of the property.
- A review of sales records to discover relevant recent land transactions in the subject neighborhood and the analysis of those transactions.
- Telephone interviews with principals of companies involved in recent land transactions in the subject neighborhood.
- Interviews with brokers involved in District of Columbia commercial land sales.
- A review of relevant sections of the D.C. zoning ordinance.
- Discussions with local government officials responsible for administering the planning and zoning process.
- Examination of other material relevant to the valuation of the subject property.

It should be noted that this appraisal was prepared under significant time constraints imposed by the client. We have attempted to examine all the relevant data and to interview as many significant neighborhood real estate personages as possible, and we believe that the amount of research done was adequate. Nevertheless, if more time had been available, it is possible that additional important information might have been discovered.

This appraisal is subject to various assumptions and limiting conditions, some of which have the effect of limiting the scope of the appraisal assignment; the reader's attention is directed to page 17 of the introductory section of this report for a complete list.

## 2. Definition of Fair Market Value

"Fair market value" is defined by the General Services Administration as follows:

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

This definition is substantially similar to the definition of "market value" currently endorsed by the Appraisal Institute.

## 3. Definition of Fee Simple\*

The property interest being appraised is the fee simple estate, which is defined as follows:

Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

(Appraisers' note: The four powers of government are eminent domain, escheat, police power, and taxation.)

<sup>\*</sup>American Institute of Real Estate Appraisers. The Dictionary of Real Estate Appraisal, Second Edition Chicago: American Institute of Real Estate Appraisers, 1989, page 120.

## **FUNCTION OF THE APPRAISAL**

It is our understanding that this appraisal is to be used to help determine a selling price of the subject property to the Columbia Hospital for Women.

## HISTORY OF THE SUBJECT

According to the assessment records of the District of Columbia, the subject property is currently owned by the United States Government. There is no indication of any sale of the property during the past several years.

It is occupied by a brick office building constructed in 1940. Once occupied by the U. S. Weather Bureau, its current occupant is reportedly the Federal Communications Commission.

## TAX AND ASSESSMENT INFORMATION

Although as government-owned property it is exempt from property taxation, the subject property is nonetheless reassessed annually by the District of Columbia. The most recent assessment of the subject (for tax year 1992--commencing July 1, 1991) is as follows:

Land Value: \$10,313,341 (\$193 per square foot)

Improvements Value: \$ 1,959,359
Total Value: \$12,272,700

The official date of value was January 1, 1991. Parcels are assessed at a nominal 100% of market value.

Washington, D.C., law allows for different property tax rates depending upon the class of property. Currently, commercial property is taxed at a rate of \$2.15 per \$100 of assessed value. Therefore, if it were taxable, the tax on the subject property would be \$263,863.05.

#### NEIGHBORHOOD

The subject is located just west of downtown Washington in a mixed-use neighborhood of Northwest Washington often referred to as the West End. The approximate boundaries of the West End are New Hampshire Avenue on the east, N Street on the north, Rock Creek on the west, and K Street on the south. As mentioned, the neighborhood is adjoined on the east by Washington's downtown central business district. Dupont Circle, a predominantly residential neighborhood, lies to the north; Georgetown is to the west; and Foggy Bottom, home to the State Department and George Washington University, adjoins on the south. Please refer to the facing map.

The West End has recently undergone a significant redevelopment, beginning in the mid-1970s and Intensifying In the 1980s. Today, the makeover of the West End is about two-thirds complete. City planning and zoning policy has encouraged the redevelopment with a mixture of land uses—offices, retail, high-rise multifamily, and hotel—rather than with one predominant use category. In this way, the West End differs from its adjoining neighborhoods, where certain land uses tend to predominate. (For example, the downtown district contains mainly office buildings with ground floor retail.) It is this mixture of land uses that gives the West End its special identity.

The West End has an unusually large concentration of hotels, mainly occupying the higher rate brackets. In fact, three of the four quadrants formed by the intersection of 24th and M Streets are occupled by luxury hotels: the Grand, the Park Hyatt, and the ANA (formerly Westin). The fourth quadrant of this intersection is occupied by the subject. Other neighborhood hotels include the Wyndham Bristol, Guest Quarters, Embassy Suites, Marriott, and the Sheraton City Center (formerly Ramada Renaissance).\*

Several recently constructed projects have included both commercial space (office and street level retail) and apartments in the same building. The typical arrangement has been for the commercial space to occupy the first four to five stories, with three to five apartment levels above. A separate street level lobby is typically provided for each use. Development densitles have tended to be at floor-area ratios of 6 to 8. Full-service office rents tend to be only slightly lower than those in downtown buildings of corresponding age and quality (generally \$30-\$38 per square foot, before concessions). Rent rates for new apartments are also quite high (\$2.00 or more per square foot per month), and new condominiums are priced at \$200 (or more) per square foot. In other words,

<sup>\*</sup>Please refer to the photograph section of this report for pictures of the Grand Hotel (photo #11), the Park Hyatt (photo #12), and the ANA (photo #7).

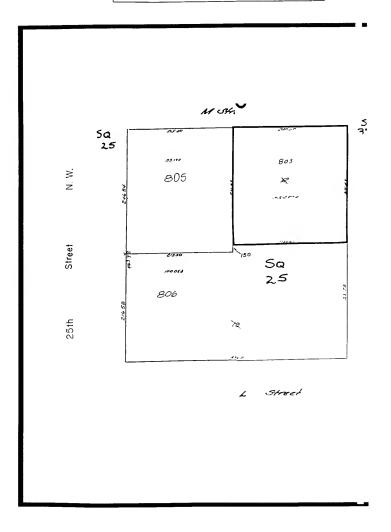
a 700 square foot one bedroom apartment may rent for \$1,400 per month and sell for \$140,000, and a 1,000 square foot two bedroom may rent for \$2,000 and sell for \$200,000. These prices are beyond the affordability level of all but higher-paid professionals. Therefore, the selling/rental pace of apartment units tends to be rather slow, compared to the selling/rental paces generally achieved in lower-priced areas.

According to <u>Black's Office Leasing Guide</u>, the West End has 2,675,000 square feet of office space, comprising less than 4% of the Washington, D.C. total. (<u>Black's</u> omits some owner-occupied buildings, however.) The rental vacancy rate is approximately 15%, which is slightly higher than the overall D.C. vacancy rate, but lower than that of the metropolitan area.

The West End has several characteristics which make it attractive for residential or office occupancy. For example, it is within walking distance of the Kennedy Center for the Performing Arts and the restaurant/entertainment district of Georgetown. In addition, residents can walk to their jobs in the neighborhood itself, downtown, at George Washington University, or at the State Department. A Metro station is also available—just south of the neighborhood boundary (the Foggy Bottom station of the Blue and Orange lines). Furthermore, the presence of Rock Creek Park is a significant recreational amenity.

In conclusion, the West End is an attractive location for upscale development—be it residential, office, or hotel. When the current real estate downturn subsides, the redevelopment of the West End should again proceed towards completion.





The following is a description of the subject site, presented in tabular form:

Area:

53.437 square feet (1.22674 acres)

Shape:

Approximately square (230.5' x 231.83')

Street Frontage:

230,5 feet along M Street and 231.83 feet along 24th

Street

Description of M Street:

90' right-of-way width; 56' asphalt roadway width, four traffic lanes and two parking lanes, concrete curbs and qutters; concrete sidewalks; street lighting; one-way traffic westbound; two-hour metered parking during

working hours charged at \$.75 per hour.

Description of 24th Street:

90' right-of-way width; 32' asphalt roadway width, two traffic lanes and one parking lane; brick sidewalks; street lighting; two-way traffic; two-hour parking during working

hours.

Access to Subject Property:

Adjoining Property:

Enter from 24th Street, exit to 24th or M Streets, additional exit through the Columbia Hospital property.

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Adjoined by the Columbia Hospital for Women—on the south side by the hospital itself (occupying Lot 806) and on the west side by a medical office building owned by the hospital (occupying Lot 805). These are the only other parcels in Square 25. Additions to the hospital

building were completed this year.
Please refer to the facing exhibit.\*

Utilities:

Public water, storm sewer, sanitary sewer, telephone,

electricity, natural gas.

Topography:

Downward slope towards 24th Street, minor downward

slope towards M Street.

Soil:

No soil tests were conducted by us. This appraisal assumes that no unusual development costs would be necessary due to soil or aubsoil conditions.

Hazardous Materials:

We are not aware of the presence of hazardous materials on or in the site, and this appraisal assumes that there are Indeed no hazardous materials.

<sup>\*</sup>Please refer to the photograph section of this report for pictures of Columbia Hospital (photo #9) and the medical office building (photo #10).

We are not aware of any historic buildings or other Historic Resources:

historic resources on the subject site. If the building (or another element) were found to be historic, this

valuation would require reconsideration.

Flood Map: According to Flood insurance Rate Map 110001

0020B, the subject property is situated in an area of

minimal flooding.

The site is improved by a six-story brick office building with basement, constructed in 1940, reportedly Improvements:

containing approximately 30,000 square feet of building. There is also an asphalt-paved rear parking lot with 111

delineated parking spaces (some bumper-to-bumper parking). The improvements are not included in this valuation.

Easements: We have not been informed of any easements or similar

encumbrances involving the subject property. This appraisal presupposes that any such encumbrances, if they exist, are not of a detrimental nature and, as such, do not have a aignificant negative effect upon the value of the aubject property. If this supposition is

not corract, then this valuation would require

reconsideration.

in conclusion, the subject appears to be well-suited for more intensive development than the current 30,000 square foot office structure.

## ZONING

Because the subject property is owned by the United States government, it is not currently under the jurisdiction of the Washington, D.C., zoning ordinance. Thus, it is officially unzoned.

Nevertheless, if the property were to pass into private hands, a zone would have to be assigned to it. According to Cecil Tucker, a high-level employee of the D.C. Zoning Commission, it is not possible to predict with certainty the category to which the Zoning Commission would assign the subject. Nonetheless, he does suggest that the commission is often guided by the zoning and usage of nearby properties—in particular, contiguous properties. The current usage of the property is also a factor to consider. The general operating philosophy is to zone the property in a manner harmonious with its surroundings.

The subject is contiguous to two zoning categories: C-2-C and R-5-C. The former is a mixed-use category permitting a total floor-area ratio (FAR) of 6, but a commercial (including office) FAR of only 2. (In other words, the full FAR of 6 is achievable only if at least 4 of the 6 FAR are devoted to apartment or hotel usage.) Meanwhile, R-5-C is a multifamily residential zoning category permitting development to a 3.5 FAR. The maximum permitted building height in both R-5-C and C-2-C is 90 feet. There are numerous other regulations, for which we refer the reader to District of Columbia Municipal Regulations Title 11 (the zoning ordinance).

As mentioned, the subject is contiguous to both R-5-C and C-2-C. The R-5-C parcel is Lot 806 (of Square 25), the tract containing the Columbia Hospital for Women. \* The adjoining C-2-C parcel is Lot 805 (of Square 25), containing the hospital's office building. Of the two categories, C-2-C is clearly the more valuable, both because it permits a higher development density and because it allows a measure of commercial usage, which, in general, tends to be much more lucrative to a developer than residential usage. It is to be noted that, like the subject property, the contiguous C-2-C parcel faces M Street, whereas the hospital parcel faces L Street. It is further noted that the entire south side of M Street (with the exception of the unzoned subject property) between 25th Street and New Hampshire Avenue is zoned C-2-C. Additionally, it should also be noted that the entire north side of M Street between 26th Street and New Hampshire Avenue is zoned CR, a very similar, but slightly more lucrative, category than C-2-C (FAR 6, with a commercial maximum of 3). Moreover, the longstanding office use of the property is consistent with C-2-C, but not R-5-C.

<sup>\*</sup>Hospitals are permitted in R-5-C, with the approval of the Board of Zoning Adjustment. The hospital's zoning was upgraded in 1987 from R-5-B, a residential category permitting less-intense development.

Therefore, given the weight of the evidence, it appears that the most probable zoning category for the subject is C-2-C.

All the same, according to Cecil Tucker, a rezoning to C-2-C should not be considered to be automatic and may take some time to accomplish. Input is sought from surrounding property owners and from the local Advisory Neighborhood Commission(s), which represent the neighborhood residents and which generally take a dim view of high density development—especially projects with a commercial component. A public hearing must be held. As a result, he says that it could \*easily\* take six to eight months for a rezoning request to be approved. If the initial request were denied, the process would be lengthened.

There are also potential complications. According to Mr. Tucker, the Zoning Commission might be reluctant to zone a large parcel such as the subject to a *by-right* category, such as C-2-C, preferring Instead to require that development proceed according to a PUD (planned unit development) plan or else selecting a less dense category in order to force the issue. PUD development is a variant of the standard zoning in which the District retains a greater amount of control over the final finished product than it does in by-right zoning. Developers also tend to prefer to develop under the PUD system because the Zoning Commission will often end up approving a higher FAR (and a more favorable commercial-residential mix) than the underlying by-right zone permits. (Nevertheless, nelghborhood groups usually fight the higher densities, and they recently have had considerable influence on the Zoning Commission). Additionally, as part of the PUD process, the Zoning Commission is able to extract "proffers" from the prospective developer-agreements by the developer to pay for off-site infrastructure improvements or even to fund various programs favored by the District. There may therefore be little incentive for the Zoning Commission to rezone the subject to C-2-C, without strings attached.

The PUD process tends to take longer than a standard rezoning. Much of the architectural work must be complete even before the owner applies for the PUD. According to Mr. Tucker, a "one-step" PUD, where the developer's entire detailed plan is prepared up front, would "easily" require 9 to 12 months for approval after submittal of the application; whereas a "two-stage" PUD would first undergo a preliminary review of 8 to 9 months, then would be sent back to the developer for up to a year, and would finally be reviewed in greater detail for another 8 to 9 months.

Therefore, to conclude, if a specific category forecast must be made, we would forecast the C-2-C category for the subject property. It is, after all, consistent with the zoning of the other parcels on the south side of M Street and is also seemingly in consonance with the District's approved land

use plan, which calls for a mixture of high density residential and commercial medium density throughout the West End. All the same, it is our judgment that the eventual development of the property is more likely to be undertaken under a mixed-use PUD plan, possibly with a slightly to moderately higher FAR and a more favorable commercial ratio than is permitted under standard C-2-C.

# PART THREE: ANALYSES AND CONCLUSIONS

#### HIGHEST AND BEST USE

A market value appraisal requires a determination of the highest and best use of the subject property. Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which Is physically possible, appropriately supported, financially feasible and that results in the highest value.\*

As stated in the definition, in order for a use to be highest and best, it must be a legal use. As a property owned by the federal government, the subject is exempt from the District of Columbia zoning law; hence, by definition, its current usage for federal government offices is legal. However, this appraisal presumes a sale of the subject property on the valuation date; if the property were sold it would then be assigned a zone. Depending upon the assigned zone, office (or any other) usage could be either legal or illegal. While we can forecast that the zone will be C-2-C (with a PUD overlay), we cannot guarantee this to be the case. Nevertheless, without making this rezoning assumption it is impossible to discuss highest and best use.

Therefore, assuming that C-2-C is the assigned zone, it is our opinion that the highest and best use of the subject property is to begin planning the construction of a mixed-use building on the site. The appropriate uses would be retail along the M Street frontage, office on the lower stories, and apartments (possibly condominiums) on the upper stories. In addition, there would be underground parking. The building would be constructed to the maximum permissible FAR (FAR 6, or higher with a PUD plan), and its ratio of commercial to residential space would be as high as the Zoning Commission would approve. Because retail and office rents (and selling prices) in the central districts of Washington, D.C., have regularly exceeded the corresponding prices for residential property, it makes sense for a developer to maximize the commercial share and to reduce the residential share. On the other hand, because residential development still can be financially feasible, it should not be entirely eliminated from the plan.

Washington, D.C., is currently in the midst of a real estate recession. Several things have coincided to bring this about: tightening of bank credit, an overall national economic recession, an increase in commercial vacancy rates, a reduction in effective rents, and an increase in the yields required by real estate investors. As a result, it would probably not be feasible to begin construction of a mixed-use building at the present time. However, with new construction now at a

<sup>\*</sup> American Institute of Real Estate Appraisers. The Appraisal of Real Estate, Ninth Edition. Chicago: American Institute of Real Estate Appraisers, 1987, page 269.

virtual standstill, the supply-demand picture is expected to shift in favor of development by 1993 or 1994. In order to be ready for the 1993 or 1994 turnaround, a developer contemplating a major project must begin planning now. Therefore, while, in our opinion, the highest and best use is not to begin construction right away, it is to begin the planning process.

One land use which we have not discussed thus far is hotel use. There are three hotels within view of the subject property. Consequently, there is reason to believe that the highest and best use of the subject property might be to construct yet another hotel. However, from all reports, many, if not most, hotels in Washington are currently struggling. Room rates for newer hotels are much lower than originally forecasted, as is occupancy. Therefore, it does not appear to be financially feasible to construct a new hotel in the subject location, and it will probably remain not feasible for several more years. In other words, hotel usage is not the highest and best use.

#### VALUATION

## 1. Introduction

Appraisers normally employ up to three analytical approaches when they appraise a piece of real estate. The three perspectives are known as the cost approach, the sales comparison approach, and the income approach.

The cost approach views a property as the sum of its component parts: the value of the whole is assumed to be a function of the cost of its components. In this approach, land is considered to be a discrete element apart from the buildings that are affixed to it. The land value is usually estimated through sales comparison, although occasionally an income approach can be used. Then, to the land valuation is added the reproduction cost of the buildings, less accrued depreciation, and the resulting sum is the estimate of the market value of the property.

The sales comparison approach is predicated upon an assumption that a property will tend to sell for a price similar to the amounts for which like properties are currently selling in the marketplace. When there is sufficient market activity, the sales comparison approach will produce a reliable market value estimate. It is very important, however, for the appraiser to carefully adjust for the differences between the comparable sales and the subject property.

The third approach is known as the income approach or the income capitalization approach. It is, in a sense, a view of the property from the opposite perspective from that of the cost approach. Whereas the latter is grounded in the hypothesis that value is a function of the component parts (i.e., what went into the real estate: the past tense), the former sees value as a function of anticipated future property income yield (i.e., what will flow out of the real estate: the future tense). The income approach is especially useful in the valuation of investment real estate offered for rent, such as most office buildings, multiple-user warehouses, shopping centers, and apartment complexes.

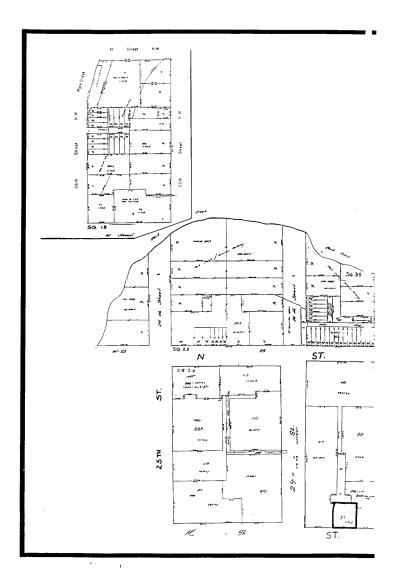
Because of the premise that the improvements on the subject site will be razed, this appraisal is a land appraisal only. Generally speaking, land appraisals involve the sales comparison approach only. The cost approach is not applicable to land because land—not being a manufactured product—has no "cost", only improvements have cost. Meanwhile, the income approach is rarely practical in land valuation because it is difficult to assemble a sufficient supply of land leases for

the appraiser to analyze. Indeed, we are not aware of recent land leases in the subject neighborhood. Therefore, the subject property will be valued entirely on the basis of sales comparison.

## 2. The Comparable Sales

The real estate market in the Washington, D.C., metropolitan area is currently in the doldrums. The downturn began in early 1990 and has shown no sign of abating. Although the situation in the suburbs is much worse, the central sections of Washington, D.C., (including the West End) have not escaped, either. In the central sections of Washington there is virtually no sales evidence to show an actual decline in value since early 1990; all the same, most market participants freely admit that values are down. What has happened, however, is that potential sellers have withheld properties from the market, rather than sell them at a lower price. In the subject neighborhood, for example, there have been no settled land sales since early 1990. Nevertheless, there were several transactions occurring between 1988 and 1990. We have used these earlier transactions to assist in appraising the subject property. Because of the lack of sales beyond early 1990, however, we have had to rely on anecdote and on logic to quantify the extent of the market decline.

Descriptions of the comparable transactions appear on the following pages.



#### COMPARABLE #1

Photograph Number: Photo #19 (see photo section of this report)

Record Date: 7/1/88

Instrument Numbers: 88-035910 and 88-035911

Tax Map Reference: Square 36, Lots 49 and 820

(now known in combination as Lot 51)

Location: 2311 M Street, N.W.

Sellers: Lot 49 was sold by 2315 M Street, N.W., Associates Joint

Venture and Lot 820 was sold by The Investment Banking Group. See the comments below about the sale of Lot

820.

Buyer: 2311 M Street Associates General Partnership

Price: Lot 49 sold for \$2,650,000 and Lot 820 sold for

\$2,850,000 = \$5,500,000 total price for the assemblage.

Area: Lot 49 contained 3,658 square feet, and

Lot 820 contained 5,515 square feet = 9,173 total square

feet

Zoning: CR

Unit Prices: Lot 49 sold for \$724.44 per square foot, and Lot 820 sold

for \$516.77 per square foot, the composite price being \$599.59 per square foot. The composite FAR price was \$99.93, based on the CR zoning, and \$71.38, based on the 8.4 FAR (4.1 FAR commercial and 4.3 FAR residential) awarded to this property by the Board of Zoning Appeals.

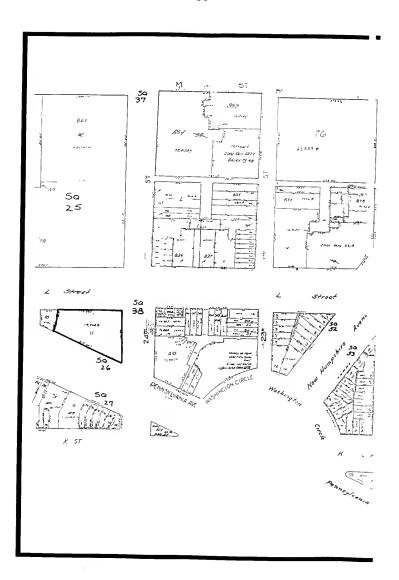
Financing: All cash to the seller

Comments:

The transfer of Lot 820 involved related parties. However, this lot had been acquired in an arm's length transaction several months before. The record date of this earlier transaction was November 6, 1987; the seller was the African Methodist Episcopal Church; the instrument number was 87-062135; and the price was \$2,850,000-the same as the later in-house transaction. Baltimore Federal provided \$2,560,000 in mortgage financing, and the seller provided additional financing in the amount of \$850,000 for initial development costs. The buyer says that the seller financing did not affect the purchase price.

This property has since been developed with a mixed-use building, containing retail and office space and 35 rental apartments. The developed FAR is 8.4, plus there is some retail space half a flight below street level which doesn't count in the FAR. There is also undergound parking. The apartments vary in size from approximately 500 to 900 square feet and rent for approximately

\$2.00 per square foot per month. The office space is being marketed for approximately \$38 per square foot, full service, with a 15% rent abatement possible.



## COMPARABLE #2

Photograph Number: Photo #13

Record Date: 10/21/88

Instrument Number: 88-058828

Tax Map Reference: Square 26, Lots 805 and 806 (now known as Lot 11)

Location: 2401 Pennsylvania Avenue, N.W.

Seller: Bar H Ranch, NV

Buyer: 2401 Pennsylvania Avenue, Joint Venture

Price: \$8,325,000

Area: 18,368 square feet

Zoning: C-2-C (reportedly developed under a PUD plan)

Unit Prices: \$453.23 per square foot \$59.17 per FAR square foot

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Financing was by an entity related to the buyer. Two mortgages were recorded totaling \$11,400,000 (inclusive

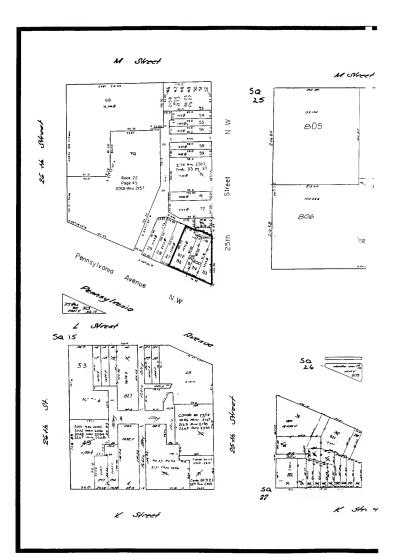
of preliminary development costs).

## Comments:

Financing:

According to Mr. Steller of Laing Development, the buying partnership included some members of the selling partnership. However, the price was based upon negotiations among the parties, so he believes that it reflected market value at the time of sale. The sale was not consummated until after the PUD plan was approved. The approved PUD densities were reportedly 3.72 commercial FAR and 3.94 residential FAR.

The building was completed in 1991 and contains retail space on the ground floor, office space on the second through fourth floors, and 40 luxury rental apartments on the top four floors. In addition, there is underground parking and some basement commercial space (without windows, not included in the FAR count).



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#### COMPARABLE #3

Photograph Number: Photo #15

Record Date: 3/1/89

Instrument Number: 89-011837

Tax Map Reference: Square 14, Lots 800 and 812

Location: Northwest comer of Pennsylvania Avenue & 25th Street,

N.W.

Seller: 1100 25th Street Associates

Buyer: Chatham Lake Associates

Price: Published records show \$1,133,200. However, according

to the developer the actual price was slightly above

\$6,000,000.

Area: 10,187 square feet, per developer

(The tax map shows 9,997 square feet)

Zoning: 9,402.6 square feet of C-2-C

784.4 square feet of R-5-B

Unit Prices: Approximately \$600 per square foot. FAR price \$75 to

\$80, based upon the buyer's original expectation of an FAR yield of 7.5 to 8.0. FAR price \$102, based upon

actual result of process.

Financing: No mortgage recorded.

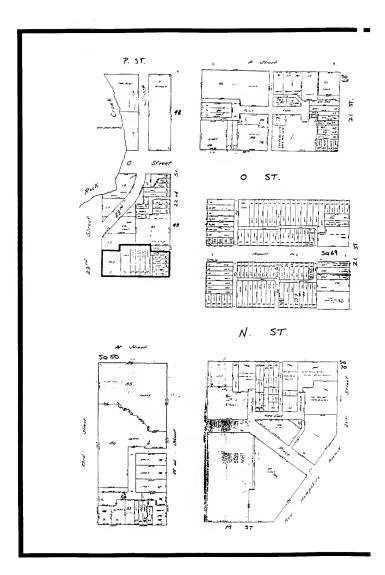
Comments:

This tract contains a small apartment building constructed in the 1920s. According to Crispin Etherington, who is overseeing the development of this parcel, his original intention was to raze the building and to replace it with a mixed commercial-partment building developed to an FAR of 7.5 to 8.0. Even though this FAR is higher than the zoning ordinance permits in C-2-C (and R-5-8) and even though the site was too small for a PUD plan, the developer believed that he could get a higher FAR through the zoning variance process. He based this expectation on his own past experience and the past experience of other developers. However, the variance was opposed by the Advisory Neighborhood Commission, which insisted upon a lower density and the incorporation of the existing building into the plan.

The Board of Zoning Appeals made its final decision in September 1991, more than two years following the date of sale. The approved development is as follows:

4,689 square feet of retail	(0.460 FAR)
24,385 square feet of office	(2.394 FAR)
30,590 square feet of residential	(3.003 FAR)
59,664 square feet total	(5.857 FAR)

The developer has agreed to declare the building historic and to renovate it as part of the development.



#### COMPARABLE #4

Photograph Number:

Photo #16

Record Dates:

From June 1989 through February 1990

Instrument Numbers:

Various

Tax Map Reference:

Square 49; Lots 18, 19, 20, 21, 24, 25, 26, 812 and 813. The buyer reportedly also acquired Lots 4, 27, and 42

through a 100% buyout of the owning partnership.

Location:

North side of N Street, between 22nd and 23rd Street

Sellers:

Various

Buver:

General Citistate/IBG #1

Price:

The recorded prices for this assemblage total \$6,437,430.

Including the unrecorded sales of Lots 4, 27, and 42, the total price was reportedly \$10,335,450.

Area:

14,083 square feet (recorded sales), 29,008 square feet including all lots controlled by the developer, 29,842 square feet including all lots plus area of public alley (to

be closed).

Zonina:

R-5-B (1.8 FAR residential), but rezoned by the buyer to

R-5-D (6.0 FAR residential)

Unit Prices:

\$346.34 per square loot average price, based upon all land, including the closed alley. The FAR price based upon the buyer's original PUD development plan (7.43 FAR) was \$46.61. The FAR price based upon the PUD plan finally given Zoning Commission approval was

\$61.19.

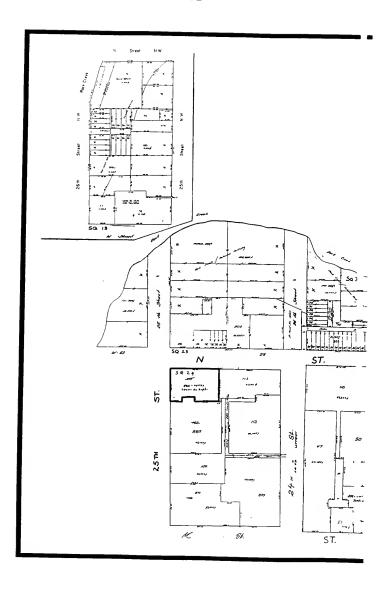
Financing:

All cash to the seller. Provident Bank of Maryland

provided \$3,700,000 in financing.

## Comments:

According to Bobby Smith of the purchasing group, the buyer had been expecting the Zoning Commission to more or less approve the original plan calling for a 7.43 FAR (all multifamily residential, except for a minor amount of ground floor retail). As it turned out, the plan was strongly opposed by the local Advisory Neighborhood Commission, which demanded that the developer renovate an older apartment building occupying a portion of the site, rather than raze it, as the buyer had intended. The developer eventually agreed to do this, and the overall FAR was scaled back to 5.66. The project will contain 155 rental apartment units, including 20 in the renovated building. Mr. Smith hopes for a groundbreaking early in 1992 but this is dependent upon financing.



## COMPARABLE #5

Photograph Number: Photo #14

Record Date: 2/15/90

Instrument Number: 90-009580

Tax Map Reference: Square 24, Lot 110 (Lot number has now been changed

to Lot 884)

Location: 2450 N Street, N.W.

Seller: Square 24 West Associates General Partnership

Buyer: Association of American Medical Colleges

Price: \$10,740,000 (see important comments below)

Area: 24,534 square leet

Zoning: CR (reportedly developed under a PUD plan)

Unit Prices: \$437.76 per square foot of land area

\$119 (approximately) per FAR square foot

(see important comments below)

Financing: All cash to the seller. (Bond financing was obtained

through the District of Columbia to construct an owner-

occupied office building.)

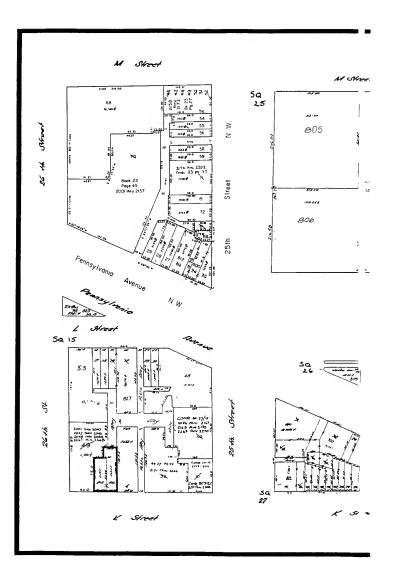
#### Comments:

The seller is an affiliate partnership of Boston Properties. According to Peter Johnston of Boston Properties, the contract was signed in late 1989. Boston Properties had already arranged the approval of the development plan for a 134,000 square foot, eight-story, mixed-use building. In this unusual transaction, the Association of American Medical Colleges merely acquired the development rights to construct the 90,000 (gross) square foot office section of the proposed building (the first five stories of the building). Boston Properties remained in the deal as the developer and was paid development fees; according to Mr. Johnston, these were negotiated separately and did not Influence the price of the land. The building was recently completed and occupied by the owner.

The top three stories were developed as a residential condominium known as Whitman Place, including lobbies, stainwells, hallways, etc., the total building area pertaining to the condominiums is approximately 44,000. There are 36 units, averaging approximately 850 square feet in net area. On the same day that Boston Properties sold the office development rights to the Association of American Medical Colleges, it sold the residential development rights (the air rights) to a partnership called Boston Square 24 West, Incorporated. The recorded price was \$1,580,000 (approximately \$36 per gross FAR, \$52 per net FAR). This was an in-house transaction; however, the recorded price was reportedly based upon an estimate of the market value of residential development.

The FAR of the entire approved development is approximately 5.46. The commercial component is 3.67, and the residential is 1.79.

The combined price for the entire fee simple interest is \$12,320,000, which equals \$502.16 per square foot and \$91.97 per FAR square foot.



## COMPARABLE #6

Photograph Number: Photo #18

Record Date: 3/22/90

instrument Number: 90-016926

Tax Map Reference: Square 15, Lots 802 and 803

Location: 2523-2525 K Street, N.W.

Seller: R.P. Warr Jr. et al., trustees

Buyer: Bronwen House Limited Partnership

Price: \$1,200,000

Area: 4,800 square leet

Zoning: R-5-D (FAR-6, multifamily residential)

Unit Prices: \$250 per square foot

FAR price is \$41.67, based on the zoning, but \$32.89 based upon the zoning variance (7.6 FAR) approved by

the Board of Zoning Appeals.

Financing: \$700,000 mortgage loan from Baltimore Federal

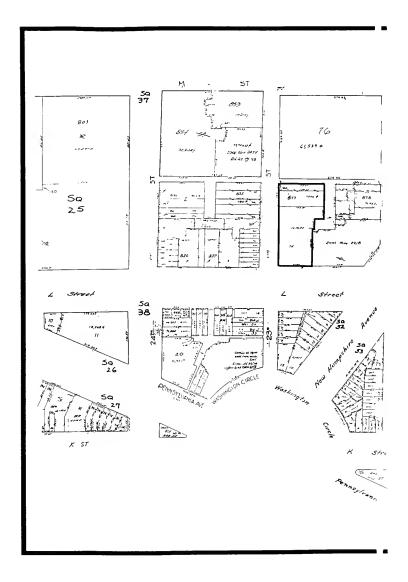
(subsequently taken over by the RTC).

#### Comments:

The present owner acquired the property as a result of a loan default by the previous owner, St. James Washington Limited Partnership. In spite of the circumstances of acquisition, the buyer (Gerald Goldberg) believes that the purchase price was not significantly below market value. The price was set after arm's length negotiations among the parties. The purchase contract Included contingencies for approval of the buyer's historic preservation plan for the two historic town houses occupying a portion of the site as well as lor approval of zoning variances for height and FAR (7.6 FAR requested). As of the date of settlement, the historic plan had already been officially approved and favorable comments had been received on the zoning variances. Therefore, the buyer was willing to close the deal even though the official approval of the variances had not yet been granted. (Official approval was granted in October 1990.) Mr. Goldberg says that he would have not been willing to pay the same price if he had not been relatively certain of the approval of the variances.

The owner plans an eleven-story high-rise with 18 luxury condominiums. In addition, the two historic town house shells will be renovated for an additional two units. Prices are expected to begin in the \$300,000 range. Square foot prices are to vary between \$275 and \$290.

Thus far, the developer has been unable to get financing for the construction, despite having commitments for eight condominium unit sales (mainly among the ownership partners). He has recently (during the past six months) turned down unsolicited inquiries from parties offering him \$800,000 to \$900,000 for the property. He estimates that he has spent \$300,000 in development cost so far to reach the current stage of approval.



# COMPARABLE #7

Photograph Number: Photo #17

Tax Map Reference: Square 51, Lots 74 and 877

Location: Northeast corner of 23rd and L Streets, N.W.

Prospective Sellers: James and Theodore Pedas

Prospective Buyer: The University of California

Area: 23,698 square feet

Zoning: Predominantly C-2-C (FAR-6, mixed use) with a small

amount of R-5-D (FAR-6, residential)

Unit Prices: \$600 per square foot

\$100 per FAR square foot (per zoning)

### Comments:

This parcel is currently occupied by the Circle West End Theater and by a parking lot. According to Ted Pedas, the University of California was interested in this parcel for the purpose of constructing a building containing office and domnifory space for use by its Washington, D.C., branch campus. The deal was negotiated during 1990, and the university signed a letter of intent to purchase it for a price in excess of \$14,000,000. The deal fell apart in December, 1990, however, when the Incoming governor of California, Pete Wilson, refused to authorize the funding.

According to Mr. Pedas, the university was particularly interested in his parcel because its proposed uses and densities are permitted by-right in C-2-C zoning. It would not have had to request any zoning actions in order to get its dormitory-office building approved--unlike the situation for some of the other parcels it considered. Mr. Pedas says that the possibility exists of this deal being revived in the future.

### COMPARABLE SALES



### 3. Discussion

The most significant data on the comparables are summarized in the following table:

COMPARABLE SALES DATA

	Date of	Land		Antici- pated	Price per	Price per Anticipated
comp.	Sale	Area	Zoning	FAR *	Square Foot	FAR Sq.Ft.
1.	7/1/88	9,173 sf	CR	8.4	\$599.59	\$71.38
Ž.	10/21/88	18,368 sf	C-2-C	7.66	\$453.23	\$59.17
3.	3/1/89	10,187 sf	C-2-C & R-5-B	7.5 to 8.0	\$600.00	\$75 to \$80 (say \$77.50)
4.	6/89 to 2/90	29,842 sf	R-5-D	7.43	\$346.34	\$46.61
5.	2/15/90	24,534 sf Office	CR	5.46	\$502.16	\$91.97
		Section Residential		3.67	\$437.76	\$119.00
		Section		1.79	\$64.40	\$36.00
6.	3/22/90	4,800 sf	R-5-D	7.6	\$250.00	\$32.89
7.	Late 1990	23,698 sf	C-2-C & R-5-D	6.0	\$600.00	\$100.00
Subjec	t	53,437 sf	unzoned	(ikely)		

(c-2-c most likely)

<sup>\*</sup>The FAR which the buyer had reasonable expectation to achieve-not necessarily the FAR which was actually achieved or the FAR mandated by zoning.

\*\*Very predominantly C-2-C

As we have already mentioned, it is the opinion of nearly all market participants and observers that values have declined since early 1990. Measuring the extent of that decline is not an easy task, and it merits a separate discussion in this appraisal. Our first step, therefore, will be to estimate the value of the subject property as of the beginning of 1990.

Land prices In central Washington, D.C., were rising steadily during the 1980s, at a pace approximating 1% per month. (For example, comparable #2 previously sold in late 1981 for \$190.92 per square foot; its price gain was a compounded 1.03% per month over seven years.) The constant increases in land value affected the actions of market participants: because land values were seen as constantly increasing, buying and holding land was not seen as a particularly risky endeavor.

We have Indicated that the most probable zoning for the subject is C-2-C; the most probable land use is a mixture of commercial and residential. In recent years the zoning authorities have been willing to approve commercial-residential mixtures of approximately 50%-50%. Comparables #1, #2, and #3 are all zoned for mixed-use; in each case the approved mixture is approximately 50%-50%. Therefore, these are the most representative comparables for the valuation of the subject property. (We will deal with comparable #7, also zoned C-2-C, but which never actually reached settlement, later in this discussion.)

Employing a factor of 1% per month, we will adjust the FAR prices of comparables #1, #2, and #3 to January 1990:

### TIME\_ADJUSTMENT GRID

	Selling Price per FAR	Time Adjustment	Time Adjusted FAR Price
Comparable #1:	\$71.38	+ 18%	\$84.23
Comparable #2:	\$59.17	+ 15%	\$68.05
Comparable #3:	\$77.50	+ 10%	\$85.25

The comparables are all considerably smaller in size than the subject. The evidence as to whether land area affects the FAR price is contradictory, however. For example, comparable #2 (18,368 square feet) is almost twice as large as comparables #1 and #3 (9,173 and 10,187 square feet respectively), and its time-adjusted price is approximately 20% below the time-adjusted prices of

its counterparts. This would tend to support an argument that FAR prices go down as lot sizes go up. On the other hand, please notice residential land comparables #4 and #6, both of which require minimal time adjustment: the much larger comparable #4 sold for over 40% more per FAR than comparable #6. In addition, other evidence in our files on various downtown Washington land transactions occurring between 1988 and 1990 point to no clear pattern based on parcel size. Even though one might intuitively expect the larger parcels to sell for a lower unit price (because the supply of potential buyers is smaller), the "other side of the coin" is that the larger parcels can accommodate the largest (and most prestigious) tenants in Washington. There is currently an oversupply of small blocs of office space in Washington; however, there is no oversupply of large blocs to accommodate very large tenants. For this reason, a large tract will not necessarily sell for a lower FAR price than a small tract. In conclusion, there is no reason to adjust our comparables for size.

There is also insufficient reason to support an adjustment for location. Both comparable #1 and the subject face M Street, whereas comparables #2 and #3 face Pennsylvania Avenue. One would assume that because Pennsylvania Avenue is a better-sounding address than M Street, Pennsylvania Avenue lots would sell for more than M Street lots. Nevertheless, there is no evidence from the comparables of any need for an adjustment. Comparables #1 and #3 are virtually the same size, but differ in location between M Street and Pennsylvania Avenue: their time-adjusted FAR prices are virtually identical. Meanwhile, comparable #2 (facing Pennsylvania) actually has a lower price than the other two; therefore, if anything, M Street may be superior to Pennsylvania Avenue. We are unprepared to draw such a conclusion, but we believe that it is reasonable to rate the two locations as equal. It may be that while Pennsylvania Avenue has the edge on prestige, M Street may have an advantage in that its redevelopment is currently more complete than Pennsylvania Avenue's. Thus, these two features cancel each other out. In conclusion, there is no reason to warrant adjusting our comparables for location.

The range In time-adjusted prices among the comparables is \$68.05 to \$85.25. The median price is \$84.23 and the mean is \$79.18. After weighing this evidence, we conclude that the FAR value of mixed-use zoning as of January 1990 was approximately \$80.

This conclusion is borne out by comparable #5, a mixed-use project whose component parts (office and residential) were sold separately from one another. In addition, this property was sold in February 1990 (only one month after the January 1990 market peak), so there is no obvious reason to adjust it for time. Its commercial component was sold for \$119 per FAR, and its residential component was sold for \$36 per FAR. While this building did not have a 50%-50% split,

the FAR prices indicate that if the split had been 50%-50%, the overall FAR price would have been \$77.50.\* This is only slightly less than our mixed-use FAR conclusion of \$80, and it makes sense that comparable #5 should sell for slightly less than average because its N Street location has less prominence than the subject's M Street.

It therefore appears from the evidence that when the market peaked in early 1990, the FAR value for a 50%-50% mixed use was approximately \$80, with the commercial component being worth approximately \$120 and the residential component being worth approximately \$40.

The residential and commercial component values are demonstrated by the aforementioned comparable #5. There are two additional bits of evidence for the residential component value—namely, comparables #4 and #6. Comparable #4, assembled between June 1989 and February 1990, sold for \$46.61 per FAR. Little, if any, time adjustment to January 1990 is necessary. Little, if any, location or size adjustment Is necessary versus the subject. Meanwhile, comparable #6 sold for \$32.89 per FAR, again near the beginning of 1990. No location or size adjustment is necessary versus the subject. An upward adjustment is probably necessary because the buyer knew he would have to spend extra money to restore two historic houses. On balance, the sales support the residential FAR valuation of \$40.

We now have valuations as of early 1990. Since then, values have declined significantly. In the West End it has been a double-edged decline: The first decline is the market-wide drop in real estate prices, attributable to tight money, the economic recession, the decline in demand for office space, etc. The second decline is more localized and relates to changes in the planning and zoning climate in the District of Columbia and, more particularly, in the West End. In other words, at least in the minds of developers, there has recently been a noticeable shift towards an anti-development position by the Zoning Commission and others responsible for overseeing the planning and zoning processes.

First, we will discuss the more generalized drop in values. We were unable to locate any specific land sales that would demonstrate the extent of the decline. Moreover, we were unable to even locate examples of rejected purchase offers for parcels that are for sale. Among our comparables, however, we can cite the experience of comparable #6, whose owner is falling behind on his land mortgage (now held by the RTC) as he struggles to arrange a construction loan. He purchased the parcel for \$1,200,000 in March 1990 and has invested \$300,000 in plans and zoning approvals.

<sup>\*</sup>Proof: (50% x \$119) + (50% x \$36) = \$77 50

He has received unsolicited offers as high as \$900,000 to take the property off his hands. Assuming that the \$300,000 invested in planning and zoning has value, the unsolicited offer is 40% less than was paid for this property. On the other hand, it is fair to remember that this offer was rejected. We can probably assume that if the parties engaged in serious negotiations the final price might be higher.

Because of the lack of harder evidence, we also solicited the opinions of several market participants. Some would not be pinned down. For example, Mr. Steller of Laing Development (developer of comparable #2) says that he would not pay as much today, but he does not know how much less. Anthony Harrigan of IBG Development (developer of comparables #1, #3, and #4) thinks that land values have dropped 60%. His development partner, Crispin Etherington, was only slightly more sanguine. On the other hand, long-time land owner Ted Pedas (owner of comparable #7) believes that land values have not fallen at all. His contention is that as soon as banks loosen their lending policy, prices will be as high as ever. Of course, since banks are currently not making many land loans and there is no indication that they will suddenly resume, Pedas is effectively admitting that values have indeed gone down because all-cash buyers are in a position to demand a discount.

In addition to developers we also queried brokers regularly involved in Washington land brokerage. John Kyle of Vector Realty Is one of the most prominent and knowledgeable brokers in the city. In his judgment, commercial FAR values in the West End are currently no lower than \$100, and residential values are no lower than \$30. In other words, he is suggesting that values are down about 20%. Jim Persechino of LADC Realty is less sanguine: he estimates a drop of 30 to 35 percent.

After weighing these comments and applying some logic, we conclude that a fair estimate of the value decline is 25%. Because of tight money, falling rents, and rising capitalization rates, speculative construction is not currently feasible in Washington, D.C. As a result, office and housing starts have been virtually nonexistent for the past year and few, if any, will proceed during the coming year. Assuming past space absorption history, the supply-demand picture should be altered by 1993 or 1994—although because of the current sluggish economy, 1994 may be a safer bet. In order to deliver a building by the end of 1994, it must be started by late 1993. One must allow another year (at least) for the design and zoning process. In other words, from the time that a site is acquired, it normally takes at least two years to deliver the finished building. Therefore, a buyer acquiring a site in October 1991 in anticipation of completing a building by the end of 1994 is only going to hold the land one more year than is absolutely necessary, even under the most

favorable conditions. Furthermore, it seems reasonable to expect that land values will recover to their former levels once it becomes clear that the supply-demand picture is shifting in favor of landlords. Therefore, by estimating a 25% drop in land value, we are effectively giving a developer who purchases today (rather than a year from now) a 33 1/3% return on his money for the burden of carrying land for just one additional year, as illustrated below:

 Original West End Land Value:
 \$80 per FAR

 Minus:
 25%

 Equals
 \$60 per FAR

If demand shows signs of recovering, land values may be \$80 per FAR by late 1992. A buyer acquiring now will therefore realize a 33.3% return on his \$60 investment.

Of course, the market may take longer to recover than any but the most pessimistic observers anticipate. A four-year recovery in land values is as poor a scenario as can reasonably be imagined. If it takes four years for prices to return to \$80 per FAR, the buyer's investment return would still be 7.46% per year, compounded. In other words, even a poor-case scenario produces an investment return competitive to the current rates on low-risk bonds. In conclusion, our estimate of a 25% drop appears to be reasonable.

Some, of course, will argue for a greater decline. Please remember, however, that even late in 1990, the University of California was prepared to offer Ted Pedas the pre-collapse price for C-2-C ground. Even though the offer was subsequently rescinded, it nonetheless illustrates that there may be a few potential buyers (mainly institutional buyers, rather than investors) willing and able to pay the old price. The presence of this group may help shield the market from a total collapse.

Therefore, our estimate of the current commercial FAR value is \$90 (\$120 minus 25%). Our estimate for residential is \$30 (\$40 minus 25%). Finally, our estimate for 50%-50% mixed-use \$60.

Now we move on to a discussion of the zoning problems prevalent in the West End. Until recently, the District zoning authorities were awarding densities much higher than that permitted by-right in the zoning ordinance. Comparables #1 and #2 are prime examples of properties which received higher FAR's through zoning variances or PUD plans. In time, developers came to expect to receive these bonuses and began to factor them into the prices they were willing to pay for land. During the past two years, however, there has been a considerable change. The composition of the Zoning Commission has changed, and neighborhood groups are becoming more aggressive. The result has been less favorable outcomes in recent cases for local developers. For example,

note comparables #3 and #4. In each case, the process was very lengthy. In each case, the developer was forced to keep a building of questionable historical merit. In each case, the developer's FAR yield ended up about 25% lower than originally anticipated. We can also cite the case of developer Ulysses Auger, who is currently attempting to obtain approval of a mixed-use project on a 61,539 square toot C-2-C parcel on M Street between 22nd and 23rd Streets (two blocks east of the subject). The Zoning Commission recently unanimously rejected his latest plan for 7.58 FAR (4.73 commercial + 2.85 residential). It had earlier refused to even hear his appeal for an 8 FAR (6 commercial and 2 residential). Based on our discussions with developers, we judge that they now understand the new realitles. If they were to purchase today, they would no longer anticipate an FAR higher than 6, the by-right FAR of the C-2-C category. They might still request a higher FAR, but no longer would they buy land assuming that they could get more.

By-right, C-2-C permits a commercial FAR of only 2 and a residential FAR of 4, a commercial-residential split of 33%-67%. Recent zoning decisions, however, show a split closer to 50%-50%. It therefore may be exceedingly pessimistic to base our valuation on strict adherence to the by-right C-2-C density. On the other hand, given the zoning climate, developers may want to hedge their bets about receiving a 50%-50% split.—especially since a 50%-50% split, though achievable, may require significant \*proffers.\* Therefore, our conclusion of value falls midway between the by-right C-2-C value and a value based on an FAR of 6, but with a 50%-50% split. The calculations follow:

Value with an overall FAR of 6 (3 commercial and 3 residential):

Commercial:	\$90/FAR	×	3	=	\$270
Residential:	\$30/FAR	х	3	=	<u>s 90</u>
Total:					\$360 per square foot

Value with an overall FAR of 6 (2 commercial and 4 residential):

Commercial:	\$90/FAR x	2	=	\$180	
Residential:	\$30/FAR X	_ 4	=	\$120	
Total ·				\$300 per sq	uare foot

The indicated value falls in a range between \$300 and \$360 per square foot. Our conclusion is the midpoint, \$330 per square foot. The value calculation follows:

53,437 square feet x \$330 per square foot = \$17,634,210, rounded to \$18,000,000 Accordingly, it is our conclusion—considering all the essential factors affecting the value of the appraised property and subject to the assumptions and limiting conditions listed elsewhere in this report—that the fair market value of the fee simple interest in the subject property is as follows, as of an October 14, 1991, effective valuation date:

# EIGHTEEN MILLION DOLLARS (\$18,000,000)

Our certification statement appears on the following page.

### CERTIFICATION

Nathan Pomerantz and David C. Lennhoff certify:

- That Nathan Pomerantz and David C. Lennhoff are the appraisers of the subject property, and that all analyses, opinions, and conclusions concerning the real estate that are communicated in this report were prepared by them alone.
- That Nathan Pomerantz has personally inspected the appraised property and the comparable properties, and that David C. Lennhoff has made an inspection of the subject property and some of the comparables.
  - 3. That they have no present or contemplated future interest in the appraised property.
- That neither the employment to make the report, nor the compensation for it, is contingent upon
  the estimated value of the property, and that the appraisal assignment was not based on a requested
  minimum valuation, or the approval of a loan.
- 5. That they have no personal interest in or bias with respect to the subject matter of the report; with respect to the owners of the appraised property; with respect to any other parties involved with the appraised property; and that the estimate of market value in the report is not based in whole or in part upon the race, color, or national origin of the present/prospective owners or occupants of the subject property, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the subject property.
- That to the best of their knowledge and belief, all statements and information in the appraisal report are true and correct, and that they have not knowingly withheld any significant Information.
- That the reported analyses, opinions, and conclusions in the report are limited only by those assumptions and limiting conditions (imposed by terms of the assignment or by the undersigned) expressly mentioned in the report.
- 8. That this report has been made in conformity with and is subject to the requirements of the code of professional ethics and the standards of professional practice of the Appraisal Institute and to the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- 9. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's (Members, Appraisal institute) who meet the minimum standards of the program are awarded periodic educational certification. As of the date of this report, Nathan Pomerantz, MAI, and David C. Lennhoff, MAI, have completed the requirements of the continuing education program of the Appraisal Institute.

Date /0/25/9/	Appraiser	Nother Pomeranty	
Date 10/25/91	Appraiser	mec. gum	

# PART FOUR: ADDENDUM

### QUALIFICATIONS DAVID C. LENNHOFF

#### GENERAL

President and sole owner, The Lennhoff Appraisal Group, Inc., Gaithersburg, Maryland.

### PREVIOUS EMPLOYMENT

President, Real Estate Appraisal Services, Inc., Gaithersburg, Maryland, June 1975 to October 1988.

### PROFESSIONAL DESIGNATIONS AWARDED

- American Institute of Real Estate Appraisers, 1983. RM - American Institute of Real Estate Appraisers, 1978.

SREA - Society of Real Estate Appraisers, 1987. SRPA - Society of Real Estate Appraisers, 1982.

SRA - Society of Real Estate Appraisers, 1980.

### PROFESSIONAL AFFILIATIONS

### The Appraisal Institute

First Vice President, President-elect, Washington Metropolitan Area Chapter, 1991

American Institute of Real Estate Appraisers

President, Washington Metropolitan Area Chapter, 1990

First Vice President, President-elect, Washington Metropolitan Area Chapter, 1990.

Treasurer, Washington Metropolitan Area Chapter, 1989.

Secretary, Washington Metropolitan Area Chapter, 1988. Chairman, Chapter Admissions Committee, 1986-1987.

Member, Chapter Board of Directors, 1987-1990.

Member, Candidate Guidance Committee, 1985.

Member, National External Affairs Committee, Government Relations Division, 1986-1987.

### Society of Real Estate Appraisers

President, Washington Metropolitan Area Chapter, 1987.

Vice President, President-elect, Washington Metropolitan Area Chapter, 1986.

Secretary, Washington Metropolitan Area Chapter, 1985.

Chairman, Chapter Admissions Committee, 1983-1986.

Chairman, Chapter Professional Practice Committee, 1988-1989. Member, Chapter Board of Directors, 1983-1990.

Member, Chapter Professional Practice Committee, 1983.

Northern Virginia Board of Realtors, Affiliate Member. Montgomery County Board of Realtors, Affiliate Member.

### **EDUCATION**

University of Kentucky, B.A., 1969.

Appraisal Institute

Appraisal-related courses and seminars attended and completed:

"Standards of Professional Practice: Parts A&B", 1991.

American Institute of Real Estate Appraisers

Appraisal-related courses and seminars attended and completed:

Course I-A, "Basic Appraisal Principles, Methods and Techniques", 1974.

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Course I-B, "Capitalization, Theory and Techniques", 1976. Course II, "Urban Properties", 1977.

Course IV, "Litigation Valuation", 1980.

Course VI, "Investment Analysis", 1979.

Course VII, "Industrial Valuation", 1981.

Course VIII, "Single Family Residential Appraisal", 1974.

Course 8-3, "Standards of Professional Practice", 1986, 1987, 1991.

### QUALIFICATIONS (continued) DAVID C. LENNHOFF

"Residential Appraisal"; seminar, 1974.

"HP Financial Calculator"; seminar, October 1982.

"Evaluating Commercial Construction"; seminar, January 1985.

"Computer Applications for Appraisers"; seminar, June 1985.

"Subdivision Analysis"; seminar, September 1988.

### Society of Real Estate Appraisers

Appraisal-related courses and seminars attended and completed:

Course 102, "Applied Residential Property Valuation", 1983.

Course 202, "Applied Income Property Valuation", 1982.

"Investment Feasibility Analysis"; short course, 1985.

"Real Estate Investments: An Introduction to Cash-Flow and Risk Analysis"; short course, 1985.

"Market and Marketability Analysis"; short course, 1985.

"Introduction to Investment Analysis"; seminar, 1975.

"Influence of the Money Market on Real Estate Values"; seminar, 1980.

"Narrative Report Writing"; seminar, 1980.

"Cash Equivalency"; seminar, 1981.

"Creative Financing"; seminar, 1981.

"Subdivision Analysis"; seminar, 1981.

"Adjusting for Financing Differences in Residential Properties"; seminar, 1982.

"Regulation #R 41b of the Federal Home Loan Bank Board"; seminar, 1985.

"Using the New Uniform Appraisal Form"; seminar, 1986.

"Professional Practice and the Society of Real Estate Appraisers"; seminar, 1987.

"Valuation and Evaluation of Proposed Projects"; seminar, 1989.

"Condemnation: Legal Rules & Appraisal Practice"; seminar, 1990.

#### Miscellaneous

Appraisal-related courses and seminars attended and completed:

"Building Trades Blueprint Reading", University of Virginia, 1973.

"Home Construction I-II, Institute of Financial Education", 1974-1975.

"Evaluating the Structural and Mechanical Condition of Houses", 1976.

"Computer-Aided Analysis of Complex Investment Properties"; seminar, 1983.

"A Guide to Federal Home Loan Bank Board Memorandum #R 41c"; seminar, 1987.

### APPROVED INSTRUCTOR

### Appraisal Institute

Course 101, "An Introduction to Appraising Real Property". Course 102, "Applied Residential Property Valuation".

Course 201, "Principles of Income Property Appraising".

"The Underwriter's Guide to Real Property Appraisal"; seminar.

Standards of Professional Practice (SPP A&B)

Faculty Fellow, Mortgage Bankers Association of America.

Faculty Member, Washington, D.C. Association of Realtors, Inc., Realtor Institute.

Sampling of Other Instruction Presented

\*A Discussion of the FHLBB Memorandum #R 41b\*, sponsored by Eastern Nebraska Chapter No. 111, SREA; presented May 1985.

"The Cash Equivalency Controversy", presented to a joint meeting of the Metropolitan Washington, D.C. Chapters of AIREA and SREA, October 1985.

A Discussion of the FHLMC/FNMA Single-Family Appraisal Form, presented to AIREA South Florida Caribbean Chapter No. 24, June 1986; sponsored by Century Mortgage Company, Inc., Atlanta, GA, October 1986.

"Adjusting for Creative Financing", sponsored by Mortgage Bankers Association of America, June 1986, April 1987.

#### QUALIFICATIONS (continued) DAVID C. LENNHOFF

- "A Discussion of the Uniform Residential Appraisal Report", sponsored jointly by Metropolitan Washington, D.C. Chapters of AIREA and SREA, May 1987.
- "Seminar on Appraisal Techniques", sponsored by Mortgage Bankers Association of America, University of Georgia, November 1987, June 1989. Leesburg, VA, June 1990.
- "Functional and External Obsolescence in Residential Properties", presented to AIREA South Florida -Caribbean Chapter No. 24, June 1988.

### **PUBLISHED ARTICLES**

Appraisal Journal, July 1982, "Condominium/PUD Budget Analysis Using the FHLMC/FNMA Appraisal Form\*

Appraisal Journal, July 1984, "Why All the Ruckus Over R-41b?"

Appraisal Journal, April 1985, "Consistency—The Key to Credibility". Appraisal Journal, April 1986, "Defining the Problem".

Appraisal Journal, October 1986, "A Review of the Property and Appraisal Analysis Sections of the New Fannie Mae Underwriting Guidelines".

Appraisal Journal, July 1988, "Underwriting Guidelines for Appraisers", with Marvin L. Horsley, RM. Washington Area Realtor, September 1989, "A Realty Fact of Life".

### HONORARY

Selected Member of Young Advisory Council, Society of Real Estate Appraisers, 1984-1985. Recipient, 1987 Distinguished Service Award, Washington Metropolitan Area Chapter No. 29, Society of Real Estate Appraisers.

# QUALIFIED AS EXPERT WITNESS IN THE FOLLOWING JURISDICTIONS

- District of Columbia.
- Montgomery County, Maryland.
- City of Baltimore, Maryland.
- Frederick County, Maryland.
- Fairfax County, Virginia.
- Loudoun County, Virginia.

### REPRESENTATIVE SAMPLING OF CLIENTS FOR WHOM APPRAISALS HAVE BEEN COMPLETED Attorneys, developers, relocation organizations, commercial banks, mortgage bankers, savings and loan associations and savings banks, the Federal National Mortgage Association, Montgomery County Register of Wills, Housing Opportunities Commission of Montgomery County, Federal Home Loan Bank Board, Internal Revenue Service, GSA, Fairfax County, Arlington County, U.S. Department of Justice, WMATA, U.S. Army Corps of Engineers, RTC.

# REPRESENTATIVE SAMPLING OF TYPES OF PROPERTY APPRAISED

Single family residences, Individual condominium and PUD units, 2-4 family units, apartment projects, condominium projects, farmland, vacant land, automobile dealerships, small retail facilities, office buildings, motels, warehouses, savings and loan branches, and shopping centers.

### OTHER AREAS OF EXPERTISE

Appraisal review, to include both single family form reports and nonresidential narratives. Review appraisal assignments have included arbitration of appraisal disputes for attorneys, consultation and review for real estate assessment departments and appraisal reviews for HUD 223(f) coinsurance program lenders.

### QUALIFICATIONS NATHAN POMERANTZ

#### GENERAL

Commercial Appraiser, The Lennhoff Appraisal Group, Inc., Gaithersburg, Maryland, November 1988 to present.

### PREVIOUS EMPLOYMENT

Commercial Appraiser, Real Estate Appraisal Services, Inc., Gaithersburg, Maryland, September 1985 to October 1988

Assessor, Maryland State Department of Assessments and Taxation, Montgomery County Office, April 1977 to August 1985.

### PROFESSIONAL DESIGNATION

MAI - Appraisal Institute (Formerly the American Institute of Real Estate Appraisers), 1990.

### PROFESSIONAL AFFILIATION

The Appraisal Institute, Washington Metropolitan Area Chapter.

#### **EDUCATION**

Johns Hopkins University, B.A., 1976.

American Institute of Real Estate Appraisers

Course 1A1, "Real Estate Appraisal Principles", successful challenge of examination, 1988.

Course 1A2, "Basic Valuation Procedures", successful challenge of examination, 1987.

Course 18A, "Capitalization Theory and Techniques, Part A", successful challenge of examination, 1988. Course 18B, "Capitalization Theory and Techniques, Part B", successful challenge of examination, 1988. Course 2-1, "Case Studies in Real Estate Valuation", 1986.

Course 2-2, "Report Writing and Valuation Analysis", 1989.

Course 2-3, "Standards of Professional Practice" 1988.

"Regulation #R 41b of the Federal Home Loan Bank Board"; seminar, 1986.

Society of Real Estate Appraisers

Course 201, "Principles of Income Property Appraising", 1982.

International Association of Assessing Officers

Course 1, "Fundamentals of Real Property Appraisal", 1978.

Course 2, "The Income Approach to Valuation", 1979.

Course 301, "Mass Appraisal of Income Producing Property", 1984.

"The Demonstration Appraisal"; seminar, 1985.

Marshall Valuation Service

"Use of the Marshall Valuation Service"; seminar, 1984.

# QUALIFIED AS EXPERT WITNESS

- -- Maryland Tax Court
- U.S. Bankruptcy Court

### CLIENTS HAVE INCLUDED

- The Equitable Life Assurance Society of the United States
- -- Standard Federal Savings Bank
- Columbia First Federal Savings and Loan -- Ameribanc Savings Bank
- Demar, Incorporated
- Potomac Investment Associates
- Riggs National Bank

### QUALIFICATIONS (continued) NATHAN POMERANTZ

- U.S. Internal Revenue Service
- -- Taubman Company
- Federal Deposit Insurance Corporation
- -- Perpetual Savings Bank
- -- Chevy Chase Savings Bank
- U.S. Bureau of Prisons
- -- Maryland National Bank -- Research 28 Associates

# REPRESENTATIVE SAMPLING OF TYPES OF PROPERTY APPRAISED

Single family residences, vacant land, apartment complexes, condominiums, warehouses, office buildings, research and development facilities, shopping centers, hotels, restaurants.

### THE BURKE LENNHOFF APPRAISAL GROUP, INC.

Donald L. Burke, MAI, SRA David C. Lennhoff, MAI, SRA

February 16, 1993

18310 Montgomery Village Avenue Suite 360 Gaithersburg, Maryland 20879-3545 (301) 840-5530 Fax (301) 840-5572

General Services Administration NCR, Real Estate Division Appraisal Branch (WPESZ) 7th and D Streets, S.W. Washington, D.C. 20407

Attention: Richard E. Kane

Chief, Appraisal Staff

Subject:

2400 M Street, N.W. Washington, D.C. 20037 Burke Lennhoff Job #3-1905 GSA Order #WPZ-93-61

GSA Contract #GS11P92MJA0630

GSA Act #P12832907

At your request, Mr. Kane, we have prepared an appraisal update report of the subject property. It is an update of a previous appraisal prepared by Nathan Pomerantz and David Lennhoff dated October 25, 1991 (effective valuation date of October 14, 1991).

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According to our instructions, this report is not a self-contained document; rather, it must be read with the accompaniment of the earlier appraisal. Therefore, we will not repeat descriptive information from the previous report; instead we will limit our narrative to analyzing material changes that have occurred since the past appraisal was completed. As such, this appraisal update contains less than a complete report as set forth in the Uniform Standards of Appraisal Practice and the Standards of Professional Practice of the Appraisal Institute, and is thus a limited scope assignment which incorporates by reference the previous appraisal in its entirety

### PROPERTY IDENTIFICATION

As detailed on pages 21 and 27 of the previous appraisal, the subject property is a 53,437 square foot (1.2267 acres) land parcel located at the southwest corner of M and 24th streets in northwest Washington, D.C. The site is improved with a minimal or non-value contributory office building. District of Columbia assessment records identify the subject as Lot 803 in Square 25.

PURPOSE OF THE APPRAISAL, PROPERTY RIGHTS APPRAISED, EFFECTIVE VALUATION DATE, SCOPE OF THE APPRAISAL, AND DEFINITIONS

These items are discussed on pages 22 through 23 of the earlier appraisal and have not changed, except for both the effective valuation date which is now February 13, 1993 (the reinspection date), and for the scope of the appraisal which is a limited scope assignment as previously noted.

### **FUNCTION OF THE APPRAISAL**

No changes from that stated on page 24 of the prior appraisal.

Real Estate Appraisers and Consultants

Richard E. Kane February 16, 1993 Page Two

### SALES HISTORY

According to District of Columbia assessment records, the subject has not transferred since the previous appraisal--see previous page 24.

### TAX AND ASSESSMENT INFORMATION

As updated from page 24 of the original appraisal, tax year 1993 (7/1/92 - 6/30/93) assessments for the subject are as follows:

Land	\$ 8,443,046
Improvements	\$ 1,959,359
Total	\$10,402,405
Total	\$10,402,405

Tax year 1993 total assessment reflects a \$1,870,295 or 15.2% reduction from tax year 1992. If the subject were taxable, real estate taxes would be about \$223,651.70, based on the current applicable tax rate of \$2.15 per \$100 of assessed value.

### NEIGHBORHOOD

There have been no substantive changes in the subject's neighborhood since the earlier appraisal's analysis on pages 25 and 26. According to Smithy Braedon, the West End's fourth-quarter 1992 office vacancy rate is about 14.9% versus 13.4% for Washington, D.C., overall. This is virtually the same as it was as of the date of value in the earlier report.

### SITE

No changes are noted since the previous appraisal (see pages 27 and 28).

### ZONING

No changes have occurred since the prior appraisal (see pages 29 through 31). John Fondersmith, Downtown Section Chief of the District's Office of Planning, confirmed that C-2-C is indeed the most likely zoning classification for the subject. Nate Gross, also of the District's Office of Planning, indicated that a PUD application might increase commercial FAR to as much as 50% of the total allowable density.

## HIGHEST AND BEST USE

Highest and best use, as analyzed on pages 33 and 34 of the original appraisal, is essentially unchanged.

Richard E. Kane February 16, 1993 Page Three

### VALUATION

As discussed in the prior appraisal beginning on page 35, we will only apply the sales comparison approach, because it is the most appropriate valuation method for the subject appraisal assignment. Reliability of the final value estimate is not diminished by the lack of other methods. Market activity of undeveloped (or redevelopment) sites in the subject's vicinity remains virtually nonexistent. Nonetheless, we were able to identify a few recent transactions which, in conjunction with anecdotal evidence, provide a reasonably sound basis upon which to estimate subject market value. Our market analysis identified price per square foot of FAR as the applicable unit of comparison. Descriptions of the relevant transactions are attached. The sales comparables from the original appraisal were also considered in this valuation analysis.

### Sales Comparison Discussion and Conclusion

Only sale #6 is within the subject's immediate neighborhood, although sale #2 is certainly nearby. Of course, sale #6, being a lender foreclosure, is of little usefulness. Comparables #1, #3, #4 and #5 are all situated within the transitional East End, where redevelopment has been mapered by the imposition of office use-limiting zoning--and, of course, by the recession. Comparables #1, #2, #4, and #5 reflect commercial FAR value, whereas comparable #6--and to limited degree, #3--reflect residential FAR value. Presented below is a site comparable adjustment grid.

Site Comp	Sale Date	Land Area(s.f.)	Unadjusted Price/FAR	Location	Adjusted <u>Price/FAR</u>
			COMMERCIAL.		
1	1/92	19,416	\$ 94.38	-0-	\$94.38
2	7/92	72,000^	\$125.00^	-35%	\$81.25
4	8/92*	23,280	\$ 80.52	-0-	\$80.52
5	10/92	20,082	\$ 79.67	-0-	\$79.67
			RESIDENTIAL		
3	11/92	27,755	\$ 16.45	-0-	\$16.45
6	3/92	11,296	\$ 28.97	-0-	\$28.97
*Cont	ract Date				
^Appr	oximate				

Richard E. Kane February 16, 1993 Page Four

Anecdotal evidence from brokers active in the subject's market area provide support for the comparable sales. David Roots of Studley indicated realistic FAR values for commercial sites are "in the \$70s" and for residential sites are "in the \$20s." Nick Pappas of Vector concurred by estimating FAR values of "\$70 to \$80" for commercial and "\$25 to \$30" for residential. We conclude to unit prices of \$80/FAR for commercial and \$25/FAR for residential.

### **FINAL VALUE CONCLUSION**

As discussed on page 54 of the earlier appraisal, our value conclusion is the mean FAR unit price of the 33% by-right C-2-C commercial component (67% residential) and the likely potential for 50% commercial portion--obtainable, however, usually by inclusion of developer proffers.

Commercial:	\$80/FAR	x	3	-	\$240/s.f.
Residential:	\$25/FAR	x	3	-	\$ 75/s.f.
Total:					\$315/s.f.
VALUE OF AN OV	ERALL 6 FAR \$80/FAR		MMERCIA 2	AL AND 4	RESIDENTIAL)

The indicated unit price ranges from \$260 to \$315 per square foot. Our conclusion is the midpoint, or \$287.50 per square foot-rounded to \$290. The value calculation is performed as follows:

53,437 square feet x \$290 per square foot =\$15,496,730 Rounded to \$15,500,000

This figure represents a \$2,500,000 or 13.9% decline from the previous valuation, which is consistent with the market trend for the time period in question. Therefore, based on the foregoing analyses, we conclude a fair market value estimate of the fee simple interest in the subject property, with an effective valuation date of February 13, 1993, of:

# FIFTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$15,500,000)

This is a limited scope appraisal assignment, and the original appraisal report contains important information pertaining to the final value estimate and is incorporated by reference in its. Resumes of the comparable sales are attached. Other information which may be important to understanding the analyses and final opinion of value is maintained on file.

Richard E. Kane February 16, 1993 Page Five

Thank you, Mr. Kane, for the opportunity to provide this appraisal service. If you have any questions regarding our valuation, please contact us at your convenience.

Very truly yours,

THE BURKE LENNHOFF APPRAISAL GROUP, INC.

PETER A WORLD Peter A. Wolman

Certified General Real Property Appraiser #10162

Associate Appraiser Dul C. ofenu

David C. Lennhoff, MAI, SRA

Certified General Real Property Appraiser #10063

Principal

Location: 1100 F Street, N.W. (550 11th Street, N.W.)

Square 321, Lot 23

Proximity to Subject: About 20 blocks southeast

Grantor: R. S. Cohen

Grantee: Manufacturers Life Insurance Co.

Record Date: 1/3/92

Price: \$26,725,000 Deed Price

\$ 600,000 Ground Lease
(\$10,000,000) Building Lease
\$\frac{1,000,000}{2} Building Demolition
\$18,325,000 Nat Consideration

Financing: Cash to seller

Deed Reference: 92-00274

Land Area: 19,416 + /- square feet

Zoning: DDD/C-4 (10.0 FAR, of which 2.0 is retail)

Unit Prices: \$943.81/s.f. land

\$94.38/s.f. FAR

### Comments:

According to assessment records, this site is currently improved with a 272,079 sf GBA building (including partially above-ground parking garage)—about 126,000 square feet rentable office—which is leased to the Justice Department through 1996. The property currently earns about \$2,900,000 in annual net operating income which is above market due to amortization of tenant improvements. Purchase price excluded ground lease buyout from a third party. Grantor was actually the land lessee. David Allison of Manulife furnished all sale data. Building lease value based on anticipated income less estimated parking lot income if the site were vacant. The demolition cost estimate was provided by Cran Gates of Wrecking Corporation of America. This property is the final piece needed by the grantee to complete full block assemblage. Manulife is developing a major office project for Arnold and Porter, the city's largest law firm, and is still searching for a large retail tenant (department store) to satisfy the 2.0 FAR minimum retail component requirement applicable to this site under the Downtown Development District (DDD) overlay zoning. This particular site will accommodate Arnold and Porter's anticipated expansion after the GSA lease expires. Construction is currently underway on "phase one" of the project.

Location: 2131 Pennsylvania Avenue (also K Street), N.W.

Square 74, Lot 49

Proximity to Subject: About 4 blocks southeast

Grantor: Square 74 Associates, L.P. (Ted and Jim Pedas, and A.

James Clark)

Grantee: International Finance Corp. (World Bank)

Record Date: 7/22/92

Price: \$79,296,639 deed price

(\$90,000,000 + /- total price, inclusive of TDRs)

Financing: Cash to seller

Deed Reference: 92-40571

Land Area: 72,089.07 + /- square feet per deed

(71,966.3 + /- square feet per D.C. Surveyor Office)

Zoning: C-3-C (6.5 FAR, but 10.0 FAR with TDRs--see comments)

Unit Prices: About \$1,250.00/s.f. land, based on total price

About \$125/s.f. FAR, based on total price

About \$1,100/s.f. land, based on deed price without

TDRs.

### Comments:

This prominent West End site is perhaps the finest developable parcel available in downtown Washington. Pedas is in the process of purchasing TDRs (using the grantee's money) to boost this site's FAR to about 10.0. The grantee intends to then construct a custom user office building. The key unit of comparison in this sale is believed to be the \$125/s.f. FAR. This site is currently utilized as a pay parking lot. Reportedly, the buyer had extremely specific location requirements, which may have had the effect of driving up the price they were forced to pay.

Location: 1111 K Street, N.W.

Square 316; Lots 10, 11, 27, 33, 804, 805, 809 and 812

Proximity to Subject:

About 20 blocks southeast

Grantor:

First Star, Inc. (Bank of Nova Scotia)

Grantee:

**PEPCO** 

Record Date:

11/24/92

Price:

\$13,500,000

Financing:

Cash to seller

Deed Reference:

92-68603

Land Area:

27,755 +/- square feet

Zoning:

DDD/C-2-C and C-3-C (not PUD approved)

Unit Prices:

\$486.40/s.f. land

\$53.56/s.f. total overall FAR \$16.45/s.f. residential FAR, assuming \$80/s.f.

commercial FAR

(see comments)

### Comments:

According to assessment records, Bank of Nova Scotia foreclosed on this site 5/31/91 for \$13,168,088. This property is composed of two assembled parcels (one facing K Street and one facing 12th Street) separated by an alley. Maurice Joseph, grantee representative, indicated that PEPCO needed a substation site and that this parcel was situated in the center of their "load" area-hence, their buyer motivation to acquire this particular site, despite its lack of zoning entitlements predating the imposition of the DDD overlay zoning, which requires a 3.5 FAR minimum residential component at this location. Current zoned density is:

147,185 sq. ft. Commercial Maximum (5.30 FAR) 104,881 sq. ft. Residential Minimum (3.78 FAR) 252,066 sq. ft. Total (9.08 FAR)

PEPCO's only true interest is the 20,017 square foot portion facing K Street, N.W., which they originally attempted to purchase separately. They apparently view the smaller 12th Street, N.W. parcel a long-term hold at this point. A typical developer would probably acquire the adjoining nonessential 1,262 square foot holdout parcel facing 12th Street, N.W. as well as close all the alleys (which would include buying the development rights--resulting from alley closure--from the Blake building abutting north of the site) to maximize potential FAR. PEPCO reportedly has little or no interest in buying the nonessential holdout parcel nor in closing any of the alleys. Instead, they hope to transfer the 12th Street, N.W. portion's commercial FAR to the K Street, N.W. portion, and

probably the reverse for residential FARs. Such a maneuver would require a variance, which is certainly not guaranteed, although PEPCO probably has more leverage with the District government than most developers. This site requires minimal demolition.

Location: 800-block H Street, N.W.

Square 405; Lots 15-18, 812, 813 and 833

(Lot 16 to be purchased separately)

Proximity to Subject: About 16 blocks southeast

Grantor: Pedas

Grantee: Boston Properties

Record Date: Contract early August, 1992

Price: \$13,134,000 Contract Price

<u>\$ 2,800,000</u> Lot 16 Price \$15,934,000 Total Price

Financing: Reportedly cash to seller

Deed Reference: Contract pending settlement

Land Area: 23,280 +/- square feet (according to assessment records)

Zoning: C-4 (8.5 FAR)

Unit Prices: \$684.45/s.f. land \$80.52/s.f. FAR

Comments:

This site is <u>not</u> subject to DDD overlay zoning (although the southern portion of Square 405 is DDD/C-4) and was previously under contract with Chubb and then DRI. Originally, the SEC was seeking build-to-suit space, but subsequently withdrew. Boston Properties is now courting other would-be-tenants. The deal is contingent upon Boston Properties finding a tenant.

Pedas does not currently own but has a purchase option on Lot 16 for \$2,800,000 (\$3,714/s.f.) which is an essential adjacent small "holdout" parcel. As part of this transaction, he will assign his option to Boston Properties which will no doubt also purchase Lot 16. The seemingly outrageous price of Lot 16 demonstrates the enormous leverage of essential "holdout" parcel owners. With the exception of Lot 16, which has small improvements believed non-historic, this parcel is utilized as a pay parking lot.

Location: 1200 New York Avenue, N.W.

Square 287, Lots 37, 810, 811

Proximity to Subject: About 4 blocks west

Grantor: The Corps, L.P. (Jonathan Woodner Co.)

Grantee: American Association for the Advancement of Science

Record Date: 10/9/92

Price: \$16,000,000

Financing: Cash to seller

Deed Reference: 92-58500

Land Area: 20,082 + /- square feet

Zoning: C-4 (10.0 FAR)

Unit Prices: \$796.73/s.f. Land \$79.67/s.f. FAR

Comments:

A.A.A.S. intends to construct a custom user office building. This site, currently a pay parking lot, was marketed for about one year and several prospects expressed interest. It is located outside the DDD overlay zoning boundary, and thus carries no special requirements for the provision of land planners "preferred" land uses.

Location: Southeast corner of L and 26th streets, N.W.

Square 15, Lot 53

Proximity to Subject: About 3 blocks southwest

Grantor: 26th and L, L.P.

Grantee: Dominion Bank of Washington (foreclosure)

Record Date: 3/4/92

Price: \$2,582,225

Financing: Foreclosure

Deed Reference: 92-10723

Land Area: 11,296 + /- square feet

Zoning: C-2-C (PUD-approved, see comments)

Unit Prices: \$228.60/s.f. land

\$28.97/s.f. total overall FAR

### Comments:

Dominion Bank has again consigned this site for an upcoming retail auction, as the previous auction attempt failed to elicit suitable bids. Mark Ebersold of Dominion could not furnish any price expectation information. This site is PUD-approved for a 10-story apartment building (legally described as condominiums) with 62 very large dwelling units, no more than 4,000 square feet of office space on the tenth floor for the building's owners, and no more than 2,947 square feet of retail/commercial space on the first floor. Maximum allowable FAR is 7.89.

### CERTIFICATION

Peter A. Wolman and David C. Lennhoff certify:

- 1. That they are appraisers of the subject property, and that all analyses, opinions, and conclusions concerning the real estate that are communicated in this report were prepared by them alone.
  - 2. That they have personally inspected the appraised property and the comparable properties.
  - That they have no present or contemplated future interest in the appraised property.
- That neither the employment to make the report, nor the compensation for it, is contingent upon the estimated value of the property.
- 5. That they have no personal interest in or bias with respect to the subject matter of the report; with respect to the owners of the appraised property; with respect to any other parties involved with the appraised property; and that the estimate of market value in the report is not based in whole or in part upon the race, color, or national origin of the present/prospective owners or occupants of the subject property, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the subject property.
- 6. That to the best of their knowledge and belief, all statements and information in the appraisal report are true and correct, and that they have not knowlingly withheld any significant information.
- 7. That the reported analyses, opinions, and conclusions in the report are limited only by those assumptions and limiting conditions (imposed by terms of the assignment or by the undersigned) expressly mentioned in the report.
- 8. That this report has been made in conformity with and is subject to the requirements of the code of professional ethics and the standards of professional practice of the Appraisal Institute.
  - 9. No one provided significant professional assistance with this value estimate.
- 10. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- 11. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- 12. As of the date of this report, David C. Lennhoff has completed the requirements of the continuing education program of the Appraisal Institute.
- 13. We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Date_	2.16.93	Appraiser	Boll. Kenn
Date	2.16.93	Appraiser	PETER A Wolner

# STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been prepared subject to the following assumptions and limiting conditions and to such other specific and limiting conditions as are set forth within the body of the report:

- Limit of Liability: Liability of The Burke Lennhoff Appraisal Group, Inc., associate appraisers, and employees is limited to the fee collected for preparation of the report. There is no accountability or liability to any third party.
- Information, estimates, and opinions furnished to the appraisers, and contained in the report, were obtained from sources considered reliable and believed to be true and correct, but no responsibility for the accuracy of such items can be assumed by the appraisers.
- 3. Testimony, Consultation, Completion of Contract for Appraisal Services: The contract for the report, consultation or analytical service, is fulfilled and the total fee payable upon completion of the report. The appraisers, or those assisting in the preparation of the report, will not be asked or required to give testimony in court or hearing because of having made the report, in full or in part, nor engage in post appraisal consultation with the client or third parties except under separate and special arrangement and at additional fee.
- 4. Disclosure of the contents of the report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraisers are affiliated.
- 5. Neither all, nor any part of the content of the report, or copy thereof (including designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if report fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous consent of the appraisers; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraisers.
- No change or omission of any items in this report shall be made by anyone other than Peter A.
   Wolman and David C. Lennhoff, and they shall have no responsibility for any such unauthorized change.
- 7. Trade Secrets: This report was obtained from The Burke Lennhoff Appraisal Group, Inc., or related companies and/or its individuals and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraisers signing the report or an officer of The Burke Lennhoff Appraisal Group, Inc. of any request to reproduce this report in whole or in part.
- 8. Auxiliary and Related Studies: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study have been requested or made unless otherwise specified in an agreement for services or in the report. The appraisers reserve the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to them.
- Inclusions: Furnishings and equipment or business operations except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.

- 10. Exhibits: Any sketches and maps in this report are used to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the property in other than actual status, as of the date of the photos.
- 11. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal report and are invalid if so used.
- 12. No responsibility is assumed for matters legal in character or nature, nor matters of survey. The legal description of the appraised property provided to the appraisers is assumed to be correct, unless otherwise noted. No opinion is rendered as to the title, which is presumed to be good and merchantable.
- 13. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report.
  - 14. It is assumed that the subject property will be competently owned and managed.
- 15. It is assumed that there are no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

Specifically, no soil, subsoil, or percolation tests have been prepared by, or on behalf of, the appraisers.

All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical, and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements, unless otherwise stated. No judgment is made as to adequacy of insulation or energy efficiency of the improvements or equipment.

- 16. Legality of Use: The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; that all required licenses, consents, permits, or other legislative or administrative authority have been or can be obtained or renewed for any use considered in the value estimate; and that, unless otherwise stated in the report, none of the subject's improvements encroach upon a neighboring property, and that no improvements appurtenant to a neighboring property encroach upon the subject property.
- 17. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 18. The appraisers were not provided with copies of any easement or right-of-way agreements. It is therefore assumed that any and all easements or rights-of-way involving the subject property do not affect the value of the property found herein.

19.	Acceptance of, a	nd/or use of, this rep	oort constitutes acce	ptance of the above	conditions

Date_	2.16.93	Appraiser	pall. of	
Date_	2.16.93	Appraiser	PETER A NOMAN	

### QUALIFICATIONS DAVID C. LENNHOFF

### **GENERAL**

Principal, The Burke Lennhoff Appraisal Group, Inc.

### PREVIOUS EMPLOYMENT

President, Real Estate Appraisal Services, Inc., Gaithersburg, Maryland, June 1975 to October 1988.

President and sole owner, The Lennhoff Appraisal Group, Inc., Gaithersburg, Maryland, October 1988 to April 1992

# STATE CERTIFICATIONS

Commonwealth of Virginia; Certified General Real Estate Appraiser, No. 4001-000225, expires 10/31/93. State of Maryland; Certified General Real Estate Appraiser, No. 04-1076, expires 12/31/94. District of Columbia; Certified General Real Property Appraiser, No. 10063, expires 2/28/94.

### PROFESSIONAL DESIGNATIONS AWARDED

MAI - American Institute of Real Estate Appraisers, 1983.
 RM - American Institute of Real Estate Appraisers, 1978.

SREA - Society of Real Estate Appraisers, 1987.
 SRPA - Society of Real Estate Appraisers, 1982.

SRA - Society of Real Estate Appraisers, 1980.

### PROFESSIONAL AFFILIATION

The Appraisal Institute

President, Washington Metropolitan Area Chapter, 1992

First Vice President, President-elect, Washington Metropolitan Area Chapter, 1991

American Institute of Real Estate Appraisers (merged with SREA in January 1991 to form the Appraisal Institute).

President, Washington Metropolitan Area Chapter, 1990

First Vice President, President-elect, Washington Metropolitan Area Chapter, 1990.

Treasurer, Washington Metropolitan Area Chapter, 1989. Secretary, Washington Metropolitan Area Chapter, 1988.

Chairman, Chapter Admissions Committee, 1986-1987.

Member, Chapter Board of Directors, 1987-1990.

Member, Candidate Guidance Committee, 1985.

Member, National External Affairs Committee, Government Relations Division, 1986-1987.

Society of Real Estate Appraisers (merged with AIREA in January 1991 to form the Appraisal Institute).

President, Washington Metropolitan Area Chapter, 1987.

Vice President, President-elect, Washington Metropolitan Area Chapter, 1986.

Secretary, Washington Metropolitan Area Chapter, 1985.

Chairman, Chapter Admissions Committee, 1983-1986.

Chairman, Chapter Professional Practice Committee, 1988-1989.

Member, Chapter Board of Directors, 1983-1990.

Member, Chapter Professional Practice Committee, 1983.

Northern Virginia Board of Realtors, Affiliate Member.

Montgomery County Board of Realtors, Affiliate Member.

### **EDUCATION**

University of Kentucky, B.A., English Literature, 1969.

Appraisal Institute

Appraisal-related courses and seminars attended and completed:

"Standards of Professional Practice: Parts A&B," 1991.

# QUALIFICATIONS (continued) DAVID C. LENNHOFF

### American Institute of Real Estate Appraisers

Appraisal-related courses and seminars attended and completed:

Course I-A, "Basic Appraisal Principles, Methods and Techniques," 1974.

Course I-B, "Capitalization, Theory and Techniques," 1976.

Course II, "Urban Properties," 1977.

Course IV, "Litigation Valuation," 1980.

Course VI, "Investment Analysis," 1979.

Course VII. "Industrial Valuation." 1981.

Course VIII, "Single Family Residential Appraisal," 1974.

Course 8-3, "Standards of Professional Practice," 1986, 1987, 1991.

"Residential Appraisal"; seminar, 1974.

"HP Financial Calculator"; seminar, October 1982.

"Evaluating Commercial Construction"; seminar, January 1985.

"Computer Applications for Appraisers"; seminar, June 1985.

"Subdivision Analysis"; seminar, September 1988.

### Society of Real Estate Appraisers

Appraisal-related courses and seminars attended and completed:

Course 102, "Applied Residential Property Valuation," 1983.

Course 202, "Applied Income Property Valuation," 1982.

"Investment Feasibility Analysis"; short course, 1985.

"Real Estate Investments: An Introduction to Cash-Flow and Risk Analysis"; short course, 1985.

"Market and Marketability Analysis"; short course, 1985.

"Introduction to Investment Analysis"; seminar, 1975.
"Influence of the Money Market on Real Estate Values"; seminar, 1980.

"Narrative Report Writing"; seminar, 1980.

"Cash Equivalency"; seminar, 1981.

"Creative Financing"; seminar, 1981.

"Subdivision Analysis"; seminar, 1981.

"Adjusting for Financing Differences in Residential Properties"; seminar, 1982.

"Regulation #R 41b of the Federal Home Loan Bank Board"; seminar, 1985.

"Using the New Uniform Appraisal Form"; seminar, 1986.

"Professional Practice and the Society of Real Estate Appraisers"; seminar, 1987.

"Valuation and Evaluation of Proposed Projects"; seminar, 1989.

"Condemnation: Legal Rules & Appraisal Practice"; seminar, 1990.

# Miscellaneous

Appraisal-related courses and seminars attended and completed:

"Building Trades Blueprint Reading," University of Virginia, 1973.
"Home Construction I-II, Institute of Financial Education," 1974-1975.

"Evaluating the Structural and Mechanical Condition of Houses," 1976.

"Computer-Aided Analysis of Complex Investment Properties"; seminar, 1983.

"A Guide to Federal Home Loan Bank Board Memorandum #R 41c"; seminar, 1987.

### HONORARY

Selected Member of Young Advisory Council, Society of Real Estate Appraisers, 1984-1985.

Recipient, 1987 Distinguished Service Award, Washington Metropolitan Area Chapter No. 29, Society of Real Estate Appraisers.

# QUALIFICATIONS (continued) DAVID C. LENNHOFF

## APPROVED INSTRUCTOR

Appraisal Institute

Course 8-2, "Residential Valuation."

Course 101, "An Introduction to Appraising Real Property."

Course 102, "Applied Residential Property Valuation."

Course 201, "Principles of Income Property Appraising."

Course 510, "Advanced Income Capitalization."

Course 520, "Highest & Best Use and Market Analysis"

"The Underwriter's Guide to Real Property Appraisal"; seminar.

Standards of Professional Practice (SPP A&B)

Faculty Fellow, Mortgage Bankers Association of America.

Faculty Member, Washington, D.C. Association of Realtors, Inc., Realtor Institute.

Faculty Member, Virginia Association of Realtors, Realtor Institute.

### **PUBLISHED ARTICLES**

Appraisal Journal, July 1982, "Condominium/PUD Budget Analysis Using the FHLMC/FNMA Appraisal Form"

Appraisal Journal, July 1984, "Why All the Ruckus Over R-41b?"

Appraisal Journal, April 1985, "Consistency-The Key to Credibility."

Appraisal Journal, April 1986, "Defining the Problem."

Appraisal Journal, October 1986, "A Review of the Property and Appraisal Analysis Sections of the New Fannie Mae Underwriting Guidelines."

Appraisal Journal, July 1988, "Underwriting Guidelines for Appraisers," with Marvin L. Horsley, RM. Washington Area Realtor, September 1989, "A Realty Fact of Life."

### QUALIFIED AS EXPERT WITNESS IN THE FOLLOWING JURISDICTIONS

- District of Columbia.
- Montgomery County, Maryland.
- City of Baltimore, Maryland.
- Frederick County, Maryland.
- Fairfax County, Virginia.
- Loudoun County, Virginia.
- City of Alexandria, Virginia

# REPRESENTATIVE SAMPLING OF CLIENTS FOR WHOM APPRAISALS HAVE BEEN COMPLETED

Attorneys, developers, relocation organizations, commercial banks, mortgage bankers, savings and Ioan associations and savings banks, the Federal National Mortgage Association, Montgomery County Register of Wills, Housing Opportunities Commission of Montgomery County, Federal Home Loan Bank Board, Internal Revenue Service, GSA, Fairfax County, Arlington County, U.S. Department of Justice, WMATA, U.S. Army Corps of Engineers, RTC.

# REPRESENTATIVE SAMPLING OF TYPES OF PROPERTY APPRAISED

Single family residences, individual condominium and PUD units, 2-4 family units, apartment projects, condominium projects, farmland, vacant land, automobile dealerships, small retail facilities, office buildings, motels, warehouses, savings and loan branches, and shopping centers.

### OTHER AREAS OF EXPERTISE

Appraisal review, to include both single family form reports and nonresidential narratives. Review appraisal assignments have included arbitration of appraisal disputes for attorneys, consultation and review for real estate assessment departments and appraisal reviews for HUD 223(f) coinsurance program lenders.

### QUALIFICATIONS PETER A. WOLMAN

### **GENERAL**

Associate Appraiser, The Burke Lennhoff Appraisal Group, Inc., (formerly the Lennhoff Appraisal Group, Inc.) Gaithersburg, Maryland

### PREVIOUS EMPLOYMENT

Associate Appraiser, Larry McGuire and Associates, Inc., (formerly Petroff, McGuire and Associates, Inc.), Alexandría, Virginia.

Associate Appraiser, Donald C. McCandless and Associates, Inc., Silver Spring, Maryland

### STATE CERTIFICATIONS

State of Maryland; Certified General Real Estate Appraiser, No. 04-10188, expires 7/2/95. District of Columbia; Certified General Real Property Appraiser, No. 10162, expires 2/28/94.

# PROFESSIONAL AFFILIATIONS

SRA Candidate, The Appraisal Institute State Accredited Affiliate of the Appraisal Institute

### **EDUCATION**

B.S. Business Administration, The Real Estate Center, Kogod College of Business Administration, The American University, Washington, D.C.

### Appraisal Institute

Standards of Professional Practice, Parts A and B

American Institute of Real Estate Appraisers (merged with SREA in January 1991 to form the Appraisal Institute)

Real Estate Appraisal Principles

Residential Valuation Procedures

**Basic Valuation Procedures** 

Capitalization Theory and Techniques, Parts A and B

Society of Real Estate Appraisers (merged with AIREA in January 1991 to form the Appraisal Institute) Substitute credit received for:

Introduction to Appraising Real Property

Applied Residential Property Valuation

Principles of Income Property Appraising

# REPRESENTATIVE SAMPLING OF PROPERTY TYPES APPRAISED

Single family residences, individual and bulk condominium/PUD units, apartments, subdivisions, industrial and office/R&D buildings, market studies, residential and commercial vacant land.



# EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503

March 9, 1993 (House)

# STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 490 - Authorize Conveyance of Federal Land to the Columbia Hospital for Women (Traficant (D) Ohio and 59 others)

The Administration supports enactment of H.R. 490, which would provide for increased attention to health issues of specific concern to women.

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